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YEARS OF TRIAL, TURMOIL AND TRIUMPH —CHINA FROM 1949 TO 1988

Compiled by Zong Huaiwen

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Publisher's Note

Years of Trial, Turmoil and Triumph—China from 1949 to 1988, edited by Zong Huaiwen, is the first book on modern Chinese history published by the Foreign Languages Press. To implement the policy of opening to the outside world, China needs to understand the world and the world needs to understand China. This book is to help foreign readers learn about New China from the process of history. Between October 1, 1949 and December 1978, and especially in the twenty-one years since 1957, with class struggle being taken as the key impetus, leftist leanings in the economy, constant political movements and high targets and arbitrary orders in economic construction, not as much progress was made as should have been done. China was still an underdeveloped, backward country. At the end of 1978, the Party Central Committee began correcting leftist mistakes in an all-around way and shifted its focus to socialist modernization. It introduced the policy of reform, opening to the outside world and invigorating the economy. This policy has proved successful. Now China is adopting important measures to fasten and deepen the reform. It will open further to the outside world; strive to realize the modernization of industry, agriculture, national defence and science and technology; and build China into a wealthy, democratic and civilized country. This is the rough course of China's social development in the past forty years.

This book is divided into four parts, following the course of China's social development. The first part looks back at how New China was founded, covering mainly the period from October 1949 to December 1956. The second part describes political and economic issues between January 1957 and April 1966. The third part gives an overall, systematic and accurate description of the ten-year "cultural revolution," which lasted from May 1966 to

October 1976. The fourth part deals with the period from November 1976 to April 1988, giving an especially detailed description of China's reform and policy of opening to the outside world in the past ten years.

In compiling this book we adopted a realistic attitude. While talking of China's progress and achievements, we did not gloss over the difficulties and shortcomings. We did our best to ensure that all information in this book be real, all viewpoints be objective, comprehensive and based on facts. We hope that through this book foreign readers will obtain an accurate picture of China and a more comprehensive understanding of modern Chinese history.

The bibliography at the back of this book lists our major sources of information, which are also good reference materials for further studies of modern Chinese history. Twenty-one photographs with captions are chronologically placed in the text. There is also an index at the back of the book.

This book was first compiled several years ago. In 1984, Professor He Qin and Lecturer Wang Shunsheng from the People's University of China wrote a draft. Based on that draft and some newly added materials, we compiled this book. Here we would like to express our gratitude to everyone who contributed to the publishing of this book. It would not have been possible without their hard work and determined efforts. Any remaining errors are our sole responsibility.

The Editors
Foreign Languages Press
May 1988

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Foreword

The People's Republic of China is situated in the eastern part of the Eurasian continent, off the west coast of the Pacific Ocean. It has an area of 9.6 million square kilometres and a population of 1.1 billion.

A country with an ancient civilization and diverse ethnic groups, China has a written history of nearly 4,000 years. Historically, it was one of the first countries to develop agriculture and have a flourishing handicraft industry. China's silk and tea also enjoyed high reputation in Europe and Asia.

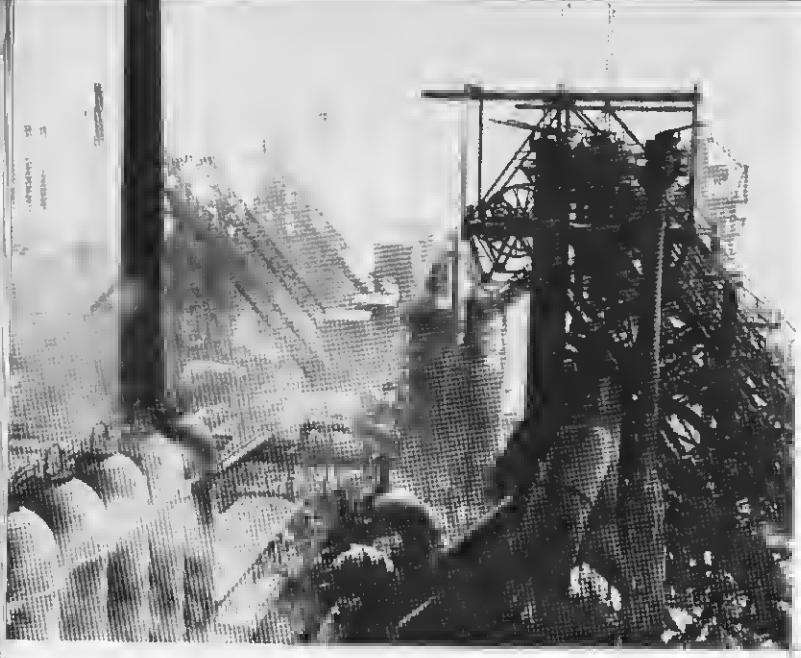
China is a founding country of the United Nations and a permanent member of the Security Council. Although New China did not have its legitimate post in the United Nations restored until more than twenty years after its founding, it has always strived to implement the principles of the United Nations Charter. China, occupied with domestic construction, hopes that the world will be permanently peaceful. Having always pursued an independent and peaceful foreign policy, China bases her contacts and cooperation with other countries on the Five Principles of Peaceful Coexistence.

China has had a glorious past. One strong dynasty after another was established. However, in the 1850s, under the rule of feudalism, China was very weak, politically corrupt and economically backward. Since the Opium War in 1840, China gradually became a semicolonial, semi-feudal society. The Chinese people waged unyielding struggles against the rule of imperialism and feudalism. In 1911, the bourgeoisie headed by Sun Yat-sen overthrew the feudalist monarchy and established the Republic of China. However, being weak both politically and economically, the Chinese bourgeoisie could not counter the pressure brought on them by the imperialists and feudalists. Although the emperor

abdicated, the fundamental contradiction of Chinese society was not resolved. China did not realize independence, let alone modernization. Thus, the bourgeois democratic revolution also failed in China.

But a new political force was waiting in the wings of China's revolutionary stage: the Chinese working class. In July 1921, the Communist Party of China was founded. Under its leadership, the Chinese people fought bravely for twenty-eight years for national independence. After suffering many hardships and setbacks, they finally overcame the three big mountains—imperialism, feudalism and bureaucratism. On October 1, 1949, the People's Republic of China was founded, marking a new epoch in China's history. How was New China founded? What road had she followed for nearly forty years? What did she accomplish? What setbacks did she suffer? How will she develop in the future? Answers to all these questions can be found in this book. China's recent reforms, which foreign readers have shown great interest in, are also discussed in detail here.

Birth of New China: On October 1, 1949, Chairman Mao Zedong solemnly declared at the grand founding ceremony the establishment of the Central People's Government of the People's Republic of China to 300,000 people assembled at Beijing's Tiananmen Square.



A corner of the Northeast Steel and Iron Industrial Base, which embraces steel and iron works at Qiqihar, Benxi, Fushun and Dalian in Northeast China. This base gained prominence during the economic rehabilitation and the First Five-Year Plan periods in the 1950s when New China's government strove to restore and vitalize its metallurgical industry.

Resisting U.S.Aggression and Aiding Korea: Chinese People's Volunteers are crossing the Yalu River.

The Chengdu-Chongqing Railway was completed and open to traffic on July 1, 1952, fulfilling a forty-year-old dream of the people in Sichuan Province. Covering 504 kilometres, it is the main line of communication in Sichuan and also the first railway line constructed with Chinese-made equipment.

Applauding the founding of a joint state-private store, an advanced form of state capitalism created by the socialist transformation right after Liberation.

From April 12 to May 16, 1961, Liu Shaoqi, president of the People's Republic of China, and his wife Wang Guangmei visited Indonesia, Burma, Kampuchea and Viet Nam. Here President Liu Shaoqi is shaking hands with an Indonesian welcomer.

Wang Jinxi (*second from left*), a model worker from the Daqing Oilfield who feared neither hardship nor death and was praised as "Iron man" in the great petroleum campaign of the early 1960s, is shown working at the well platform.

Open to traffic in December 1954, the 2,100-kilometre-long Qinghai-Tibet Highway snakes along the Qinghai-Tibet Plateau 4,000 metras above sea leval and passes through the upper reaches of the Yangtze River. It is a communication artery that links Tibet with inland areas.

Beijing opera *Hai Rui Dismissed from Office*, written in 1960 by Wu Han, then deputy mayor of Beijing and a noted historian, portrays an upright and impartial Ming Dynasty official Hai Rui who rid people of overlords and local despots. But the play was later labelled by the "gang of four" as "poisonous weed" that opposed the Party and socialism. Yao Wenyuan's article "Comments on the New Historical Play *Hai Rui Dismissed from Office*," served as the fuse that set off the "cultural revolution."

PART I

FROM NEW DEMOCRACY TO SOCIALISM (OCTOBER 1949-DECEMBER 1956)

1. The Day Breaks in China

In the winter months of 1948-49 the world was astonished by developments on the civil war front in China. From the northeast provinces to the northern banks of the Changjiang (Yangtze) River the Kuomintang troops under Generalissimo Chiang Kai-shek collapsed by whole armies and divisions under the devastating blows of the People's Liberation Army. Many of Chiang's top generals were killed in action or taken prisoner, or else they renounced their allegiance to him and went over to the side of the PLA. Enormous quantities of arms and ammunition supplied by the United States fell into the hands of the people's army. The PLA, hitherto operating mainly in the countryside, took large cities and threatened Nanjing(Nanking), seat of the Kuomintang government. The desperate KMT regime sued for peace on terms that would essentially preserve its tottering authority. The Communists replied by demanding an end to that authority. Negotiations between the two parties resulted in tentative agreements based on Communist terms, agreements that were later rejected by the KMT government in Nanjing. Almost immediately afterward the PLA crossed the Yangtze and took Nanjing, sealing the fate of the Chiang regime.

"China is lost!" exclaimed a section of the American press.

"The Chinese have conquered China," wrote Anna Louise Strong, the famous American journalist who had covered the Chinese revolution for decades.[1]

In fact, the inevitability of such a development had been foreseen by American diplomats in China even before the end of the war with Japan. One of them, John Stewart Service, reported to the State Department on October 9, 1944:

> ...I suggest the future conclusion that unless the Kuomintang goes as far as the Communists in political and economic reform, and

otherwise proves itself able to contest the leadership of the people (none of which it yet shows signs of being willing or able to do), the Communists will be the dominant force in China within a comparatively few years.[2]

Who were the Chinese Communists? What did they stand for? How could they defeat an army many times stronger than they and backed by the might of the United States?

The Communist Party of China was founded in July 1921 by scattered groups of intellectuals who had acquired only some rudimentary knowledge of Marxism through the influence of the October Revolution in Russia in 1917 and after the great patriotic upsurge of the May Fourth Movement in China in 1919. Formed at a time when China was divided among contending warlords, each backed by a foreign power, this party set itself at its very inception the immediate task of freeing the nation from imperialist domination and the ultimate goal of attaining a communist society.

By this time the feudal monarchy had been overthrown and a Republic of China created following the 1911 Revolution led by Dr. Sun Yat-sen. But imperialism and warlordism continued to prevail. In moments of despair Dr. Sun found some likemindedness between himself and the Communists and was offered political and moral support by Soviet Russia. He adopted three major policies—alliance with Russia, cooperation with the Communist Party, and assistance to peasants and workers. A united front was formed between the Kuomintang and the Communist Party, and the Northern Expedition against the warlords was jointly launched in 1926 after the death of Dr. Sun the previous year.

The Northern Expeditionary Army speedily wiped out the warlord troops in the middle and lower reaches of the Yangtze River. Just as the revolutionary forces were ready to conquer the rest of China, the reactionaries in the Kuomintang stabbed them in the back. Chiang Kai-shek launched a coup in Shanghai on April 12, 1927, and began to massacre Communists and other revolutionaries by the thousands.

Young and inexperienced, the Communist Party sustained heavy losses. Party membership, sixty thousand at the high tide of the revolution, dwindled to ten thousand. But the Communists did not take the blow lying down. As Mao Zedong said, "They picked themselves up, wiped off the blood, buried their fallen comrades, and went into battle again."[3] On August 1, 1927, thirty thousand troops of the Northern Expeditionary Army under Communist generals Zhu De, He Long, Ye Ting and Liu Bocheng rose in Nanchang, capital of Jiangxi Province, to counter the KMT attacks. The August First Uprising, under the overall direction of Zhou Enlai, marked the beginning of armed resistance against the KMT reactionaries who had betrayed the revolution. It was followed by the Autumn Harvest Uprising of workers and peasants led by Mao Zedong on the Hunan-Jiangxi border on September 9 and by peasant uprisings in other areas. In October Mao Zedong led his forces into the Jinggang Mountains along the Hunan-Jiangxi border, where they founded the first revolutionary base. A decade of civil war ensued between the Communist-led Chinese Red Army and the Kuomintang regime backed by foreign powers.

Confronted by a formidable enemy, how long could the Chinese Red Army survive? Was there any hope of victory for the revolution? Analyzing China's conditions, Mao Zedong developed the national revelutionary strategy of "encircling the cities from the countryside." He pointed out that in semicolonial China incessant warfare among feudal warlords, each backed by an imperialist power, had created gaps in the countryside where reactionary rule was comparatively weak. There Red regimes could be created and survive attacks by White troops. So long as the Communist Party relied on the masses and followed a correct military strategy, it could gradually expand the rural base areas in a protracted war in which the revolutionary forces could encircle the cities from the countryside and eventually seize them to attain nationwide victory.[4]

The Red Army frustrated four "encirclement and suppression" campaigns launched by the enemy and gradually expanded

the Red areas. At one time the Central Revolutionary Base Area, located in southern Jiangxi and western Fujian, embraced twenty-one county towns and a population of twenty-five hundred thousand. However, as Party leadership fell into the hands of those who pursued a "Left" opportunist line of adventurism, 90 percent of the Red base areas were occupied by the enemy during its fifth "encirclement and suppression" campaign. The Red Army which sustained heavy losses was forced to embark on the epic Long March of 12,500 kilometres. By the time it reached its destination in northern Shaanxi in October 1935, its strength had dwindled from three hundred thousand, before the fifth enemy campaign, to thirty thousand.

At that time the whole nation was demanding resistance to Japanese aggression. On September 18, 1931, Japanese troops seized Shenyang and soon occupied the whole of northeast China. This created a national crisis of subjugation to Japanese rule. The people demanded a stop to the civil war and united resistance to Japan. Communist proposals to this effect were rejected by the Kuomintang government. On December 12, 1936, Zhang Xueliang and Yang Hucheng, two patriotic Kuomintang generals ordered to fight the Communists in northwest China, detained Generalissimo Chiang Kai-shek in Xi'an after they failed to convince him of the need to stop fighting the Communists and turn the guns against the Japanese aggressors. Mediation by a delegation of the Communist Party resulted in the peaceful settlement of the Xi'an Incident, the release of Chiang, and the formation of a Kuomintang-Communist united front for the second time in history, this time for the purpose of joint resistance to Japan.

The war with Japan started on July 7, 1937, with the Japanese attack at Marco Polo Bridge in suburban Beijing. The Kuomintang army was responsible for frontal operations. It fought some good battles, and many of its patriotic officers and men made heroic sacrifices. However, the KMT leadership adopted a policy of "containing" the Communists, suppressed them in areas under its control, and stored up US-supplied Lend-Lease

arms in preparation for wiping them out after the war. The Chinese Red Army, reorganized as the Eighth Route Army in the north and the New Fourth Army in the south, operated mainly behind enemy lines. The two armies established a number of anti-Japanese base areas, withstood the enemy's atrocious "mopping-up campaigns" characterized by a policy of "burning all, killing all and looting all," dealt the enemy heavy blows through guerrilla warfare, and steadily grew in strength.

Japan's unconditional surrender, announced in August 1945, confronted China with two alternatives: peaceful rehabilitation or renewed civil war. Taking both possibilities into account, the Communist Party of China adopted a dual policy: It would strive for peace and democracy through the formation of a coalition government with the Kuomintang and democratic parties if that were at all possible, but if the Kuomintang insisted on launching a civil war, it would fight in self-defence, overthrow the KMT regime, and thus accomplish China's new-democratic revolution by means of armed struggle.

A CPC delegation composed of Mao Zedong, Zhou Enlai and Wang Ruofei arrived in Chongqing, wartime capital of the KMT government, on August 28, 1945, for talks with Chiang Kai-shek and his men. The negotiations resulted in the signing of a "Summary of Conversations" on October 10, in which both parties agreed to "a basic policy of peace and national reconstruction" and pledged "resolute avoidance of civil war." The question of forming a democratic coalition government in place of the Kuomintang's one-party dictatorship would be discussed at a Political Consultative Conference to be attended by representatives of the Kuomintang, the CPC, the democratic parties, and people without party affiliation. However, no agreement was reached on a key question—the status of the People's Liberation Army and the popularly elected governments in the Liberated Areas—because Chiang refused to grant them legal status unless the CPC surrendered its armed forces.[5]

Even while the negotiations were going on, Chiang ordered his troops to attack the Liberated Areas. Major operations against

the Shangdang region in southeastern Shanxi, the Cixian-Handan region in southern Hebei and the Suiyuan region were frustrated by PLA resistance.

In December 1945 U.S. President Harry S. Truman sent General George C. Marshall, Chief of Staff of the U.S. Army, to China as his special representative for "mediation in the hostilities between the Kuomintang and the Communist Party of China." Under domestic and international pressure the Kuomintang was forced to sign a truce agreement with the CPC on January 5, 1946. The Political Consultative Conference opened on the 10th. It reached agreement on the reorganization of the government to include Communists and other non-KMT people, measures to curb what had become known as bureaucrat-capital owned by KMT high officials, equality and legality for all political parties and groups, etc. Agreements favourable to some extent to the people were reached on the issue of the People's Liberation Army and the governments in the Liberated Areas.[6]

The Kuomintang was ready to tear up these agreements upon the completion of its preparations for civil war. It was given full military backing by the U.S. government. In September 1945 the Truman administration announced its decision to equip thirty-nine divisions of the KMT's ground forces in addition to warships and airplanes. By June 1946 the number of U.S.-equipped divisions rose to forty-five after George C. Marshall came to China. More than half a million KMT troops were dispatched by U.S. airplanes and naval vessels to front positions and readied for action.

All-out civil war broke out in June 1946 when Chiang Kai-shek directed three hundred thousand men to attack the Central Plains Liberated Area along the Hubei-Henan border. A total of 1.6 million KMT troops penetrated the main Liberated Areas. The People's Liberation Army had to abandon a number of important cities and towns. Chiang Kai-shek declared he could wipe out the Communists in three to six months.

At the time the PLA had 1.27 million poorly equipped men against the Kuomintang's 4.3 million, using American arms and

covered by U.S.-supplied airplanes. Even some Communist Party sympathizers doubted that the PLA could withstand Chiang's blows.

It was under these circumstances that Mao Zedong advanced his famous thesis that "imperialism and all reactionaries are paper tigers." In an interview with the American journalist Anna Louise Strong in August 1946 he said:

> Chiang Kai-shek and his supporters, the U.S. reactionaries, are all paper tigers too. Speaking of U.S. imperialism, people seem to think that it is terrifically strong. Chinese reactionaries are using the "strength" of the United States to frighten the Chinese people. But it will be proved that the U.S. reactionaries, like all the reactionaries in history, do not have much strength. In the United States there are others who are really strong—the American people.
>
> Take the case of China. We have only millet plus rifles to rely on, but history will finally prove that our millet plus rifles is more powerful than Chiang Kai-shek's aeroplanes plus tanks. Although the Chinese people still face many difficulties and will long suffer hardships from the joint attacks of U.S. imperialism and the Chinese reactionaries, the day will come when these reactionaries are defeated and we are victorious. The reason is simply this: the reactionaries represent reaction, we represent progress.[7]

But exactly how did the Chinese Communists cope with the formidable enemy? Where did they find their strength?

Their strength came, first and foremost, from the peasant masses under their leadership. The CPC had carried out an agrarian revolution during the civil war period of 1927-37, confiscating the land of the landlords and distributing it among the impoverished peasants. The policy was moderated during the war with Japan, when landlords in the Liberated Areas were required merely to reduce the land rent and the interest on their loans to the peasants. The purpose was to win them over to the cause of resistance. After the war, as the Kuomintang stepped up its attacks on the Liberated Areas, the landlords there continued to fleece the peasants and sided with the KMT. The peasants raised a strong demand for land reform, and some of them even took spontaneous action to seize the estates of the landlords. Thus the

CPC decided to put an end to feudal exploitation in China's Liberated Areas by arousing the peasants to take over the land of the landlords for equal per capita distribution among the rural population. About a hundred million peasants acquired land. This helped the political consolidation of the Liberated Areas and gave great impetus to the peasants' participation in the war to overthrow Kuomintang rule.

Militarily, the People's Liberation Army followed the principle of concentrating a superior force to destroy the enemy forces one by one. If faced with several enemy detachments, the PLA would pick one of them, encircle it, and wipe it out with a force several times stronger. Meanwhile, it would use smaller forces to pin down the other enemy detachments and prevent them from rushing reinforcements to the one under attack. Then the PLA would pick another enemy detachment and apply the same tactics, repeating the process in order to deplete the enemy as much as possible. These tactics were known to Chiang Kai-shek and his U.S. advisors, but they were inapplicable to the KMT army, which, being alienated by the local populace, did not have the PLA's great mobility, thorough knowledge of the local environment that enabled them to strike out at the right time and place, and, above all, the all-out support of the people.

Of course, the CPC and the PLA were not fighting the Kuomintang reactionaries alone. Just as soldiers and civilians in the Liberated Areas were experiencing the most trying times of the war, a second warfront took shape in the Kuomintang-controlled areas. This was the struggle of the workers, students and people of all walks of life against hunger, against political persecution, and against the civil war. Violent suppression by the KMT authorities only aroused wider resistance. The democratic opposition within the Kuomintang formed the Revolutionary Committee of the Kuomintang, while other democratic parties and nonparty democrats became more politically active. A national united front against reactionary KMT rule was in the making.

In the first year of the war beginning June 1946 Chiang lost

1.12 million men on the battlefield. His difficulties—a worsening economy, rising popular opposition, and particularly his heavy losses sustained along an overextended warfront—forced him to halt the offensive against the Liberated Areas.

The curtain was raised on the PLA's strategic offensive on June 30, 1947, when part of the Shanxi-Hebei-Shandong-Henan Field Army (designated as the Second Field Army and later as the Central Plains Field Army), commanded by Liu Bocheng and Deng Xiaoping, forded the Yellow River, smashing their way through the enemy's much-vaunted river defences, and established strongholds in the Dabie Mountains by November. The field armies in the other theatres of war also shifted over to vigorous offensive at different times. In October 1947 the CPC Central Committee issued the call "Overthrow Chiang Kai-shek and liberate all China!"

The objective was basically attained through three major campaigns fought in a total of five months between September 1948 and January 1949:

Liaoxi-Shenyang Campaign: Fought by the Northeast Field Army under Lin Biao, Luo Ronghuan and Liu Yalou, the campaign lasted from September to November 1948. It resulted in the annihilation of 470,000 enemy troops and the liberation of the entire northeast.

Huai-Hai Campaign: Fought jointly by the Central Plains Field Army under Liu Bocheng and Deng Xiaoping and the East China Field Army under Chen Yi, Su Yu and Tan Zhenlin, the campaign took two months from early November 1948 to early January 1949. The PLA wiped out a total of 550,000 enemy troops, liberated the greater part of the Central Plains and of east China north of the Yangtze, and exposed Nanjing, capital of the KMT government, to direct attack.

Peiping-Tianjin Campaign: Fought jointly by the Northeast Field Army and part of the North China People's Liberation Army under Nie Rongzhen, the campaign lasted from December 1948 to January 1949. After the enemy in Tianjin refused to surrender, the PLA took the city by wiping out 130,000 garrison

troops in twenty-nine hours and captured the garrison commander. Thus it completely isolated the 250,000 KMT troops under General Fu Zuoyi in Peiping (now Beijing). Negotiations between representatives of the PLA and General Fu, coupled with much work done by the Communist underground to win him over, resulted in his acceptance of the terms for the peaceful reorganization of his troops. The PLA marched into the city on January 31, 1949, the historical sites and cultural treasures having been kept intact through peaceful liberation. The Peiping-Tianjin Campaign cut enemy strength by 520,000, including those to be incorporated into the PLA by peaceful reorganization.

Taken together, the three major campaigns cost the Kuomintang 173 divisions, or 1.54 million men. By then it had lost most of its regular troops.

The debacle compelled Chiang Kai-shek to "retire" as President of the National Government on January 21, 1949. Vice-President Li Zongren took over as Acting President and expressed readiness for peace negotiations with the CPC based on conditions announced by the latter, namely, 1) punish the civil war criminals; 2) abolish the KMT's constitution; 3) abolish the KMT regime's system of justice; 4) reorganize all reactionary troops on democratic principles; 5) confiscate bureaucrat-capital; 6) reform the land system; 7) abrogate all treasonable treaties signed with foreign governments; and 8) convene a Political Consultative Conference without the participation of reactionaries and form a democratic coalition government that would take over all the powers of the KMT government. An agreement based on these terms was drafted by representatives of the two parties and communicated to the KMT government in Nanjing, with April 20 as the signing deadline. When the Kuomintang rejected the agreement, the PLA crossed the Yangtze along a 500-kilometre front on April 21. It captured Nanjing and proclaimed the fall of the Chiang dynasty on April 23. Learning the news, Mao Zedong advised the PLA in a poem:

> With power and to spare we must pursue the tottering foe
> And not ape Hsiang Yu the conqueror seeking idle fame.[8]

Thrusting south, the PLA forces in east China took Hangzhou, Nanchang and Shanghai in May, Fuzhou in August and Xiamen in October. In Central China the PLA liberated the triple city of Wuchang-Hankow-Hanyang during May 16 and 17, effected the peaceful liberation of Hunan Province in August, wiped out the main forces of the Guangxi clique of warlords during September and October, and so was able to liberate Guangzhou in October, Guilin in November and Nanning in December. In north China the PLA liberated Taiyuan in April. In the northwest theatre Xi'an was liberated in May, followed by the capture of Lanzhou, Xining and Yinchuan in August and September. The peaceful liberation of Xinjiang came in late September. The march on the Southwest began in November. The PLA liberated Guiyang on November 15 and Chongqing on November 30. Chiang Kai-shek, who had been directing the resistance to PLA advances from Chongqing, fled to Chengdu, capital of Sichuan, on November 29. He gathered more than 400,000 men under General Hu Zongnan in the Chengdu area for a last-ditch struggle on the mainland. The scheme collapsed when, on December 9, four top commanders of the local forces in the Southwest, Lu Han, Liu Wenhui, Deng Xihou and Pan Wenhua, renounced their allegiance to him. On the following day, December 10, Chiang boarded a plane and fled to Taiwan with his chief lieutenants and U.S. advisors. Hu's troops were annihilated and Chengdu was liberated in late December.

By the end of December 1949 the People's Liberation Army had cleaned up all KMT troops on the Chinese mainland and liberated all of China except Tibet and Taiwan.

The US government gave the Kuomintang enormous aid during the civil war of 1945-49. According to the U.S. White Paper released in 1949, the total cost of US aid to the Kuomintang from the start of the war of resistance against Japan to 1948 amounted to 4.5 billion US dollars. The bulk of US aid provided during the war with Japan was hoarded by the Kuomintang for civil war against the Communists that was to be launched after the Japanese surrender. The same White Paper admitted also that

US aid covered "more than 50 percent of the monetary expenditures" of Chiang Kai-shek's government. By losing much of the US aid to the People's Liberation Army, however, the Generalissimo earned from the Western press the title of "quartermaster of the Communist army."

2. The Philosophy of People's Democratic Dictatorship

The founding of the People's Republic on October 1, 1949 was preceded by a series of preparatory steps. The slogans issued by the Communist Party of China for International Labour Day on May 1, 1948 contained a proposal for convening a *new* Political Consultative Conference, in which no reactionaries would be allowed to take part, to discuss the formation of a democratic coalition government. The word *new* was added because the *old* Political Consultative Conference held in Chongqing in January 1946 had been sabotaged by the Kuomintang reactionaries, who tore up its commitments almost immediately afterwards.

The CPC proposal, raised at a time when the People's Liberation Army had shifted from the defensive to the offensive on all fronts, was supported by democratic parties and groups throughout the country. Their representatives arrived at Harbin in northeast China in late 1948 for discussions with the CPC. After the People's Liberation Army won resounding victories in its three major campaigns, the Preparatory Committee for a New Political Consultative Conference was established in Peiping on June 15, 1949. The committee discussed questions of representation at the PCC and, in September, decided to change its name to Chinese People's Political Consultative Conference.

The First Plenary Session of the CPPCC, held from September 21 to 30, 1949, was attended by 662 delegates. In addition to those from the CPC, there were delegates from the Revolutionary Committee of the Kuomintang, the China Democratic League

and other democratic parties and groups, nonparty democrats, and specially invited individuals, such as Soong Ching Ling (Madame Sun Yat-sen). The list also included members of the Kuomintang delegation, headed by Zhang Zhizhong, who had come to Peiping in 1949 for peace talks with the Communists and had decided to tentatively remain in Peiping to watch new developments after the rejection of the peace agreement by the KMT government.

In an opening address at the session, Mao Zedong said:

> ...our work will go down in the history of mankind, demonstrating that the Chinese people, comprising one quarter of humanity, have now stood up.... From now on our nation will belong to the community of peace-loving and freedom-loving nations of the world and work courageously and industriously to foster its own civilization and well-being and at the same time to promote world peace and freedom. Ours will no longer be a nation subject to insult and humiliation. We have stood up. Our revolution has won the sympathy and acclaim of the people of all countries. We have friends all over the world.[9]

The session unanimously adopted the draft Common Programme of the CPPCC, which was to be followed as the provisional Constitution of the People's Republic pending convocation of a National People's Congress.

The Common Programme defined the People's Republic as a people's democratic dictatorship, the state power as the people's democratic united front, composed of the working class, the peasantry, the petty bourgeoisie, the national bourgeoisie and other patriotic-democratic individuals. The state was based on an alliance of workers and peasants and led by the working class. The people's congresses and people's governments at all levels were to be the organs for the exercise of state power by the people.

The basic principle for China's economic reconstruction, the programme said, was to develop production and build economic prosperity by taking into account both public and private interests, benefiting both labour and capital, and fostering mutual aid between city and countryside and circulation of goods between China and abroad. It referred to the five sectors of the nation's economy immediately after Liberation—the state econo-

my, which was socialist in character; cooperative economy, such as the various types of cooperatives formed by the working people; the individual economy of the peasants and craftspersons; the private capitalist economy; and the state-capitalist economy, such as factories jointly owned by the state and the capitalists. With the state economy as the leading sector, all five sectors were to promote economic development by a proper division and coordination of labour. The People's Government would strive to restore the production of grain, industrial raw materials and export goods to prewar levels or even surpass them within the shortest possible time. Inflation inherited from Kuomintang days would be stopped and commercial speculation strictly banned.

The principle of the PRC's foreign policy, the Common Programme declared, was to protect the country's independence, freedom, territorial integrity and sovereignty, to win lasting world peace and friendly cooperation with peoples of all countries, and to oppose the imperialist policy of aggression and war. The Central People's Government would, on the basis of equality, mutual benefit and mutual respect for territorial integrity and sovereignty, negotiate for the establishment of diplomatic relations with foreign governments that had severed relations with the Kuomintang and adopted a friendly attitude towards the PRC. The programme made it clear that the PRC would unite with all peace-loving and freedom-loving countries and peoples throughout the world, first of all with the Soviet Union, all people's democracies and all oppressed nations, and take its position in the camp of international peace and democracy to oppose imperialist aggression and defend lasting world peace.[10]

The CPPCC elected Mao Zedong as Chairman of the Central People's Government. Vice-chairmen elected were Zhu De, Commander-in-Chief of the Chinese People's Liberation Army; Liu Shaoqi, member of the Political Bureau of the CPC Central Committee; Soong Ching Ling (Madame Sun Yat-sen); Li Jishen, Chairman of the Revolutionary Committee of the Kuomintang; Zhang Lan, Chairman of the China Democratic League; and Gao Gang, member of the CPC Political Bureau.

On the afternoon of October 1, 1949, the Central People's

Government Council took office in Beijing and elected Lin Boqu Secretary-General of the Council. It appointed Zhou Enlai Premier of the Government Administration Council and Minister for Foreign Affairs, Mao Zedong Chairman of the People's Revolutionary Military Council, Zhu De Commander-in-Chief of the Chinese People's Liberation Army, Shen Junru President of the Supreme People's Court, and Luo Ronghuan Procurator-General.

At 3 p.m. on October 1 three hundred thousand people assembled on Tiananmen Square to attend the inauguration of the Central People's Government of the People's Republic of China. Lin Boqu announced the opening of the ceremony amid thunderous cheers. Mao Zedong read the proclamation of the Central People's Government and personally hoisted the five-starred national flag. Reading an order from the General Headquarters of the PLA, Zhu De directed its officers and men to wipe out all remnant Kuomintang troops and liberate the areas still under KMT rule. This was followed by a military review. As the army and navy units of the PLA marched past the reviewing stand, its air force appeared over the capital for the first time.

The founding of the People's Republic marked a basic victory in China's new-democratic revolution. The revolution was carried out by the people, under proletarian leadership, against imperialism, feudalism and bureaucrat-capitalism. It differed in principle from the old democratic revolution led by the bourgeoisie, yet it remained a democratic revolution because it aimed at elimination of feudal exploitation and not at abolition of capitalism in general. The CPPCC Common Programme made no reference to a transition to socialism at some future date because, as Zhou Enlai explained to the conference participants, such a transition should not be proposed until people were ready for it.[11]

While a democratic revolution led by the bourgeoisie invariably results in the formation of a bourgeois republic, the new-democratic revolution led by the proletariat in China gave birth to a people's republic based on the people's democratic dictatorship, a system explained by Mao Zedong as follows:

> Who are the people? At the present stage in China, they are the working class, the peasantry, the urban petty bourgeoisie and the national bourgeoisie. These classes, led by the working class and the Communist Party, unite to form their own state and elect their own government; they enforce their dictatorship over the running dogs of imperialism—the landlord class and bureaucrat-bourgeoisie, as well as the representatives of these classes, the Kuomintang reactionaries and their accomplices—suppress them, allow them only to behave themselves and not to be unruly in word or deed. If they speak or act in an unruly way, they will be promptly stopped and punished. Democracy is practised within the ranks of the people, who enjoy the rights of freedom of speech, assembly, association and so on. The right to vote belongs only to the people, not to the reactionaries. The combination of these two aspects, democracy for the people and dictatorship over the reactionaries, is the people's democratic dictatorship.
>
> Why must things be done this way? The reason is quite clear to everybody. If things were not done this way, the revolution would fail, the people would suffer, the country would be conquered.[12]

Elaborating on the above thesis, Mao quoted a saying by Zhu Xi, a Neo-Confucianist of the Song Dynasty: "Deal with a man as he deals with you." Mao pointed out that revolutionary dictatorship and counterrevolutionary dictatorship were by nature opposites, but the former had been learned from the latter. "Such learning is very important," he said, "If the revolutionary people do not master this method of ruling over the counterrevolutionary class, they will not be able to maintain their state power, domestic and foreign reaction will overthrow that power and restore its own rule over China, and disaster will befall the revolutionary people."[13]

Mao discussed whether it was correct to call a government led by the Communist Party a "totalitarian regime." He said:

> To say that a government led by the Communist Party is a "totalitarian government" is also half true. It is a government that exercises dictatorship over domestic and foreign reactionaries and does not give any of them any freedom to carry on their counter-revolutionary activities. Becoming angry, the reactionaries rail: "Totalitarian government!" Indeed, this is absolutely true so far as the power of the people's government to suppress the reactionaries

> is concerned. This power is now written into our programme; it will also be written into our constitution. Like food and clothing, this power is something a victorious people cannot do without even for a moment. It is an excellent thing, a protective talisman, an heirloom, which should under no circumstances be discarded before the thorough and total abolition of imperialism abroad and of classes within the country.[14]

Answering the question whether the People's Government should practise a policy of benevolence, Mao stressed the Marxist standpoint that any state apparatus, including the army, the police and the courts, was an instrument by which one class oppressed another. It was an instrument of violence, not of benevolence. In the People's Republic the policy of benevolence was to be applied only within the ranks of the people, not beyond them to the reactionaries or their reactionary activities. A policy of benevolence might also be applied to the reactionaries in the sence that, so long as they did not creat trouble after they were overthrown, they would be given land and work so that they could remould themselves into new people through labour.

Mao expressed agreement with the view of Dr. Sun Yat-sen, who said that "the so-called democratic system in modern states is usually monopolized by the bourgioisie and has become simply an instrument for oppressing the common people" and that what China needed was "a democratic system shared by all the common people and not privately owned by the few."[15]

At the time of the founding of the People's Republic some political middle-of-the roaders in China were wondering whether the policies of the Communist Party were "too irritating" to foreign imperialists and domestic reactionaries. Mao told them that with such people the question of irritating them or not simply did not exist. Citing the example of Wu Song, the hero who kills a tiger in the classic Chinese novel *Outlaws of the Marsh*, Mao said,"As Wu Song saw it, the tiger on Jingyang Ridge was a man-eater, whether irritated or not. Either kill the tiger or be eaten by him—one or the other."[16]

Internationally, some people wondered whether it was wise for the People's Republic to "lean to one side." Mao Zedong told

them that in the light of the long experience in the Chinese revolution, this was the only thing the PRC could and should do. You must lean either to the side of imperialism or to the side of socialism, he said, and it was impossible to sit on the fence or take a third road.

In view of China's economic and financial difficulties immediately after Liberation, some people suggested seeking help from the governments of Britain and the United States. Mao pointed out that this was a naive idea because the imperialist rulers of these countries could not possibly help a people's state. The progressive people in these countries were urging their governments to establish trade or even diplomatic relations with the PRC, showing their goodwill and readiness to help, but this was entirely another matter.

As for doing business with the West, Mao said that the PRC was against no one except the domestic and foreign reactionaries who were preventing her from doing business with the outside world, including the West. He said:

> When we have beaten the internal and external reactionaries by uniting all domestic and international forces, we shall be able to do business and establish diplomatic relations with all foreign countries on the basis of equality, mutual benefit and mutual respect for territorial integrity and sovereignty.[17]

Mao's statement and the principle embodied in it have been collaborated by later developments and have taken on new significance over the years.

3. Consolidating the People's Power

Before the outbreak of the Korean War in June 1950 the Chinese people did not expect to take up arms again barely a year after Liberation. In June 1949 Mao Zedong did say that "the imperialists and their running dogs, the Chinese reactionaries, will not resign themselves to defeat in this land of China." He warned people that the enemies would smuggle their agents into China to make trouble, blockade Chinese ports, or even harass the

country's frontiers.[18] But no one predicted a major war in which U.S. troops would appear as direct combatants.

The Korean War started on June 25, 1950. On June 27 U.S. President Harry S. Truman announced the decision for direct armed intervention in Korea and the dispatch of the Seventh Fleet into the Taiwan Straits. U.S. and Syngman Rhee troops took Pyongyang, capital of the Korean Democratic People's Republic, on October 20, pushed towards the Chinese-Korean border along the Yalu River, and took Chosan and Hyesanjin on the southern bank of the river. U.S. military aircraft operating in Korea flew over northeast China, bombing Andong (now Dandong) and other cities and strafing local inhabitants.

On June 28, addressing a session of the Central People's Government Council, Chairman Mao called on the people of China and the world to make full preparations to defeat any provocation by U.S. imperialism. On the same day Premier Zhou Enlai issued a statement strongly denouncing U.S. encroachment on Korea and China's Taiwan Straits. This was followed by a rally of the people of Beijing on August 1, at which PLA Commander-in-Chief Zhu De voiced firm support for the Korean people's resistance.

The crisis put the People's Republic, hardly one year old, to a severe test. If not stopped in time, U.S. troops could enter northeast China at any moment, set up a Manchukuo there as the Japanese had done in 1932, and threaten north China, in which case the Chiang Kai-shek forces on Taiwan would almost certainly harass the southeast coast or try landings there.

After serious discussion the Party Central Committee made a major policy decision: Resist U.S. aggression and aid Korea; defend our country and protect our homes.

On October 8, acting on behalf of the Central Military Commission, Mao Zedong designated units of the Northeast Frontier Defence Forces, comprising four armies, three artillery divisions and a number of task forces, as the Chinese People's Volunteers and ordered them to march into Korea without delay. Peng Dehuai, Deputy Commander-in-Chief of the Chinese People's Liberation Army, was appointed Commander and Political

Commissar of the Volunteers.

Marshal Peng crossed the Yalu River with the vanguard units on October 18, and by October 25 all the Chinese People's Volunteers had entered Korea.

As proposed by Peng Dehuai, the Central Military Commission decided that the Volunteers should fight a mobile war in most cases, combine it with positional warfare in some cases, and conduct guerrilla operations behind enemy lines.[19] Fighting in close coordination, the Volunteers and the Korean People's Army mounted two counteroffensives between October 25 and December 24, 1950, and wiped out over 50,000 enemy troops. They recovered Pyongyang on December 6 and drove the enemy back to the 38th parallel.

The Korean and Chinese armies followed up this victory with three more counteroffensives from December 31, 1950, to June 10, 1951, during which they put 179,000 enemy troops out of action, stabilized the battlefront along the 38th parallel, and compelled the U.S. side to accept a proposal for armistice talks advanced by Yakov Malik, the Soviet Union's delegate to the United Nations, on June 30, 1951.

The armistice talks started in Kaesong on July 10. Because of the stalling tactics used by the U.S. side, the negotiations dragged on for a long time amidst almost incessant hostilities. To force its unjustifiable terms on the Korean-Chinese side, the U.S. army launched in October 1952 the biggest offensive in a year against a group of heights known as the Sangkumryung Ridge. In 43 days, ending November 25, 1952, U.S. forces poured 1.9 million shells and heavy bombs over the ridge and blasted 2 metres of rock off the summits. Fighting back from tunnel fortifications deep underground, the Chinese People's Volunteers repulsed 678 enemy attacks and inflicted a total of 25,000 casualties. Then the Korean-Chinese side launched three summer offensives between May and July 1953, wiping out 120,000 enemy troops and pushing the battle line southward.

In these circumstances the U.S. side was compelled to sign the Armistice Agreement at Panmunjom on July 27, 1953. General Mark W. Clark, Commander-in-Chief of the "UN Forces"

rigged up by the U.S. government, made the well-known remark: "In carrying out the instructions of my government, I gained the unenviable distinction of being the first United States army commander in history to sign an armistice without victory."[20]

During the three years of war the Korean and Chinese armies killed, wounded or captured a total of 1.09 million enemy troops, including 390,000 U.S. troops, shot down or damaged 12,000 enemy planes, destroyed or damaged 2,690 tanks and 257 enemy ships.

Defeat in the war frustrated the U.S. plan to destroy the Korean Democratic People's Republic and invade China via Korea. It showed the people of China and other countries that even an enemy as formidable as the world's No. 1 imperialist power could be defeated by the people's forces. It enhanced the Chinese people's confidence in national reconstruction and contributed to Asian and world peace.

While the Korean War was going on, agrarian reform to return land to the tillers was carried out in most regions of the Chinese mainland during 1950-52. The Agrarian Reform Law of the PRC, promulgated in June 1950, stated that "the landownership of feudal exploitation by the landlord class shall be abolished, and the system of peasants' ownership shall be introduced in order to set free the rural productive forces, develop agricultural production and thus pave the way for New China's industrialization."[21] This made it clear that agrarian reform, as part of the programme of the new-democratic revolution, was directed against feudalism and not capitalism, and that it would replace feudal landownership with private landownership by individual peasants and not with socialist collectivization.

The class composition in China's countryside before Liberation was something like this: The landlords and rich peasants made up less than 10 percent of the rural population but owned more than 70 percent of the cultivated land, and the former subjected the peasants to ruthless exploitation by collecting a land rent ranging from 50 to 80 percent of the crop. The rich peasants did much work in the fields, and in this sense they were considered part of the peasant class, but they exploited hired labour

and often rented out part of their land for feudal exploitation. On the next echelon the rural hierarchy were the middle peasants, who were sometimes called owner peasant and might be considered the equivalent of smallholders in some Western countries. Accounting for about 20 percent of the rural population, they could own all their limited holdings or part of them and rent the rest from the landlords or even rent all their land from the latter. But generally they could maintain a low standard of living on a self-sufficient basis and did not have to hire themselves out to a landlord or a rich peasant. The majority of the rural population, about 70 percent, consisted of the poor peasants and farmhands. A poor peasant owned little or no land and so had to rent land and hire himself out to a greater or lesser extent. If circumstances forced him to sell all his land, he had to eke out a living by working as a farmhand. The poor peasants and farmhands also had to bear a heavy burden of corvée, interest on usurious loans, and taxes and levies imposed by the Kuomintang government.

By the time of the founding of the People's Republic in 1949 the land-to-the tiller programme had already been carried out among a rural population of 145 million in the course of the War of Liberation. The post-Liberation task was to accomplish it among a rural population of 310 million, including most of the mainland provinces but excluding regions inhabited by ethnic minorities, where no reforms would be attempted until the local leaders and people were ready for them. As in the agrarian reform in the older Liberated Areas, the line to be followed was to rely on the poor peasants and farmhands, unite with the middle peasants, and neutralize the rich peasants for a step-by-step elimination of the feudal system of exploitation and the development of farm production. A key policy issue had to do with the rich peasants. During the War of Liberation Party policy provided for the preservation of their economic status but permitted the requisition of their surplus property. In actual practice, however, the masses requisitioned their surplus property because of their political attachment to the landlords and the Kuomintang under strained war circumstances. The PRC Agrarian Reform Law enacted in 1950 extended protection to land cultivated either by

them or by people in their employment. As to land they had rented out, it would not be touched if the area was small. If it exceeded the area cultivated by themselves and their farmhands, they had to get the permission of the local authorities before renting it out. The purpose of this change in policy was to neutralize the rich peasants and isolate the landlords in the complicated struggles of agrarian reform. Preservation of their economic status would also benefit the rehabilitation and growth of farm production, because they had more capital, draught animals and farm implements than other peasants, operated on a large scale, and showed higher productivity.

Agrarian reform was carried out first in east China and part of central-south China after the autumn harvest in 1950 and accomplished in southwest China and the rest of central-south China in 1951 and 1952. The land, draught animals and farm implements of the landlords and their surplus grain and houses were confiscated and distributed to poor peasants and formhands who owned little or no land. A total of 700 million *mu** of land was confiscated or requisitioned, accounting for 46.5 percent of all cultivated land in China. The reform benefited 300 million peasants, who were relieved of an annual burden of 70 billion *jin* (35 million tons) of grain they had been compelled to give the landlords as rent and received 2.97 million draught animals, 39.54 million farm implements, 38.07 million rooms and 10.5 billion *jin* (7.5 million tons) of grain. The landlords were eliminated as a class but not as individuals, and they were also given land during agrarian reform so that they could earn a living. A survey made in east China after agrarian reform showed that a total of 118.89 million *mu* of land, or 34.6 percent of the cultivated land, was confiscated for redistribution. Following the reform the per capita amount of land owned by different sections of the rural population was 2.4 *mu* among the poor peasants and farmhands, 3 *mu* among the middle peasants, 3.82 *mu* among the rich peasants, and 2.12 *mu* among the former landlords. During the years of agrarian reform the nation's farm production grew 17.8 percent in 1950, 9.4 percent in 1951, and 15.2 percent in 1952. The high rates were, of course, natural for years of peace following a

civil war, but they also indicated peasant enthusiasm generated by the reform.[22]

The agrarian reform ended the two-thousand-year-old system of feudal exploitation in China, the root cause of the country's poverty and backwardness.

The people's regime could not consolidate itself without dealing effectively with the Kuomintang remnants on the mainland. A survey made in southwest China showed that a million bandits and eighty thousand secret servicemen of the Kuomintang were entrenched in the region, in addition to considerable numbers who belonged to the core of the Kuomintang and the Youth League for the Three People's Principles, local despots, and members of reactionary superstitious sects and secret societies. Not resigned to their defeat in the hands of the people's forces, they dreamed of a comeback and never ceased trying to undermine the People's Government. The outbreak of the Korean War raised their hopes for a restoration. They spread rumours about the Kuomintang and U.S. forces coming back in an impending Third World War, conducted espionage, disrupted production in factories and mines, damaged railways, raided warehouses, murdered Party and government cadres, and even organized counterrevolutionary underground forces in preparation for armed riots. In six months, from spring to autumn 1950, they murdered nearly forty thousand cadres and progressive-minded people who had been assisting the People's Government in the fulfilment of its tasks. On the eve of National Day, October 1, 1950, security departments uncovered a plot hatched by foreign agents directed by U.S. intelligence services; they had drawn a map of Tiananmen Square in the heart of Beijing in an attempt to kill Chinese leaders on the gate tower by mortar gunfire during the celebrations.

In July 1950 the Government Administration Council and the Supreme People's Court published a Directive on the Suppression of Counterrevolution Activities. In February 1951 the Central People's Government enacted Regulations of the People's Republic of China Concerning the Punishment of Counterrevolutionaries. The two documents set the guidelines for suppression

of counterrevolutionaries, and the organs of people's dictatorship were required to ferret them out and exercise control over them by enlisting the support of the masses. Once the counterrevolutionaries were brought to light, they were to be dealt with on the principle of combining suppression with leniency, i.e., by a policy of "punishing the main culprits, exonerating the accomplices who acted under duress, and rewarding those who rendered active services (to the People's Government.)" The main blows were directed against counterrevolutionary ringleaders who had aroused the people's indignation by their heinous crimes and who refused to repent.

By 1953 the remnant counterrevolutionary elements on the mainland had by and large been identified and brought to justice. Post-Liberation peace and order were established in provinces that had suffered most seriously from bandit disturbances such as Fujian, Guangxi, Sichuan, Guizhou, Yunnan, Guangdong and the western part of Hunan.

The Movement to Resist U.S. Aggression and Aid Korea, the agrarian reform, and the movement to suppress counterrevolutionaries are known historically as the Three Major Movements, laying the basis for the political stability of the People's Republic in its early years.

It was also in this period that Tibet returned to the embrace of the motherland.

Tibet has an area of 1.2 million square kilometres, roughly equivalent to the combined territory of Germany and France. The highest region in the world, it stands at an average of 4,000 metres above sea level. At the time of China's Liberation it had a population of 3.75 million, most of whom were herders. The Tibetans believed in Lamaism, a form of Buddhism. A total of 300,000 lamas lived in 3,000 monasteries.

Tibet became closely associated with China proper in the eighth century and has been a constituent part of the country since the thirteenth century.

After the liberation of south and southwest China the Central People's Government announced its policy for the peaceful liberation of Tibet and asked the local government of Tibet to

send representatives to Beijing for negotiations. On October 1, 1949, Panchen Ngoerhtchni, one of the two religious and temporal leaders of Tibet, cabled his congratulations to Chairman Mao Zedong and PLA Commander-in-Chief Zhu De on the occasion of the founding of the People's Republic and expressed his hope for the early liberation of Tibet. However, the effort for peaceful liberation was opposed by pro-imperialist elements within the local government who had, in July 1949, carried out a plot to "drive out the Han Chinese" by cutting off communications between Lhasa, capital of Tibet, and other parts of China, expelling the personnel of the Lhasa office of the Kuomintang government, and closing down Han Chinese schools in Lhasa in preparation for declaring the "independence" of Tibet. In January 1950 the U.S. media gave publicity to a "Tibetan goodwill mission" that was going to visit the United States, Britain and India. The Central People's Government warned against traitorous activities by any such illegal mission.

In February 1950 a delegation appointed by the local government of Tibet started its journey to Beijing. Some of its members chose to go by way of Calcutta. There, influenced by imperialist instigators, they hung back for two months until they finally decided to proceed to Beijing for negotiations.

On October 6, 1950, the People's Liberation Army started its march on Tibet. On October 19 it wiped out more than five thousand troops of the Tibetan army, which made up its main force, and liberated Chamdo, 600 kilometres northeast of Lhasa. As the local government had lost the main part of its military strength, its representatives, headed by Kaloon Ngabou Ngawang Jigme, arrived in Beijing by land in late April the following year, while those in Calcutta had arrived earlier by sea. The negotiations lasted one month, after which the Agreement on Measures for the Peaceful Liberation of Tibet was signed in the Imperial Palace (Forbidden City) in Beijing on May 23, 1951.

The agreement affirmed the Tibetans as one of the ethnic groups that had lived for a long time within China's boundaries. Over a hundred years or so, however, imperialists had penetrated into the Tibetan region, while the Kuomintang government had

oppressed minority peoples and sown dissension among them. On its part, the local government of Tibet had not opposed imperialist deception and provocation but had adopted an unpatriotic attitude towards the motherland, the agreement said.

The agreement stipulated that the local government of Tibet was to free itself from the shackles of imperialism and drive imperialist forces out of Tibet. The Central People's Government would not alter the existing political system in Tibet, and the status, functions and powers of the Dalai Lama and of Panchen Ngoerhtehni would be maintained. The local government was to render active assistance to the People's Liberation Army in the course of its entry into Tibet, and Tibetan troops would be reorganized, stage by stage, as part of the PLA. The Tibetan people were to exercise their right to regional national autonomy under the unified leadership of the Central People's Government. The religious beliefs, customs and habits of the Tibetan people would be respected and the lamaseries protected. However, all external affairs of the Tibet region must be handled by the Central People's Government, which would see to peaceful coexistence with countries bordering Tibet. As for reforms in the region, there would be no compulsion by the central authorities. Instead, the local government was to carry them out in accordance with the wishes of the people and through consultation with the leaders of Tibet.[23]

Acting in accordance with the above agreement, the People's Liberation Army marched into Tibet, with the assistance of the people and patriotic public figures of the region, and arrived in Lhasa on October 26, 1951.

In the early years of the People's Republic the tactical line of the Chinese Communist Party was summarized in the phrase "Don't hit out in all directions." In a speech at the Third Plenary Session of the Seventh Central Committee of the CPC in June 1950 Mao Zedong stated that the Party's general policy at the time was to eliminate the remnant Kuomintang forces, overthrow the landlord class, liberate Taiwan and Tibet, and fight imperialism to the end. "In order to isolate and attack our immediate enemies," he said, "we must convert those among the people who

are dissatisfied with us into our supporters." He added that it was necessary to rally the petite bourgeoisie and the national bourgeoisie under the leadership of the working class and on the basis of the worker-peasant alliance. Many people had previously been enemies of the revolution, but since they had left the enemy camp and came over to the people's side, the Party should unite with them to a greater or lesser extent. "It is undesirable to hit out in all directions and cause nationwide tension," Mao said. "We must definitely not make too many enemies; we must make concessions and relax the tension a little in some quarters and concentrate our attack in one direction. We must do our work well so that all the workers, peasants and small handicraftsmen will support us, and the overwhelming majority of the national bourgeoisie and intellectuals will not oppose us. In this way the remnant Kuomintang forces, the secret agents and the bandits will be isolated, as will the landlord class and the reactionaries in Taiwan and Tibet, and the imperialists will find themselves isolated before the people of our country.[24]

4. Economic Rehabilitation

New China faced an economy dislocated by years of war. In 1949 the major farm crops fell far below peak levels before Liberation. Grain dropped by 25 percent to 113.2 million tons, cotton by 48 percent to 445,000 tons, cured tobacco by 43 percent to 43,000 tons, and peanuts by 60 percent to 1.27 million tons. Draught animals had decreased by 16 percent, farm implements by 30 percent. The per hectare yield was as low as an average of 1.065 tons for grain and 0.165 tons for cotton. In old China modern industry accounted for only about 10 percent of gross industrial and agricultural production. In 1949 industrial output value was only half that before the war with Japan, which broke out in 1937, having dropped 30 percent for light industry and 70 percent for heavy industry. Compared with the best pre-Liberation years, the 1949 figures showed a decrease of 86 percent in pig iron, 83 percent in steel, 48 percent in coal, 28 percent in electricity, and 32 percent in both cotton cloth and cigarettes.

The low degree of the country's industrialization was obvious. The machine-building shops, mostly with fewer than fifteen workers, could do little more than repairs. The whole country produced only 1,600 metal-cutting machines a year. The three million industrial workers made up only 0.6 percent of the total population.

Only half the country's railways, totalling 22,000 kilometres, were in operation at the time of Liberation because of war damages. The country could make neither locomotives nor motor vehicles and had to depend on imports for spare parts.

Financially, in the eleven years between June 1937 and August 1948 the Kuomintang government's revenue was only 40.54 percent of expenditure in its best year and 12.19 percent in its worst. The result was a wanton issue of paper money. During this period the amount of paper money in circulation grew 3.75 million times, and prices went up 6 million times. Runaway inflation upset the market and gave rise to wild speculation. The working people suffered, while few businesses could carry on.

The People's Government could not rehabilitate the economy without taking the country's economic lifeline into its own hands. This was done through the confiscation of bureaucrat-capital, one of the three major economic policies of the new-democratic revolution, the other two being agrarian reform and protection of the industry and commerce operated by the national bourgeoisie. The People's Government took over bureaucrat-capitalist establishments, which accounted for two-thirds of all industrial capital and four-fifths of the fixed assets in industry, transport and communications. On the eve of Liberation the National Resources Commission of the Kuomintang government controlled 90 percent of the nation's iron and steel, 33 percent of coal, 67 percent of the power supply, 45 percent of cement, and all the crude oil and nonferrous metals. Bureaucrat-capital also controlled the larger banks, all railways, motor roads and airlines, plus 45 percent of the shipping tonnage, 38 percent of the spindles and 60 percent of the mechanized looms in the textile industry, and a dozen monopoly trade companies. In the course of the War of Liberation the people's regime took over the factories, mines,

railways, ships, postal service, banks, shops and other enterprises owned by the Kuomintang or its officials. In 1949, 2,858 industrial enterprises, employing a total of 750,000 workers, were taken over from bureaucrat-capital. These were placed under the control of the state and became the socialist sector of the nation's economy.

The People's Government abolished all imperialist privileges in China, reestablished authority over customs, which had been under imperialist control for decades, instituted a monopoly over foreign exchange and foreign trade, and imposed control over imperialist enterprises in China. Economic independence, for which the Chinese people had fought for a whole century, finally became a reality.

But the new regime was confronted with tremendous financial difficulties. Because of the huge military expenses incurred in the last stage of the War of Liberation, plus the policy of accepting and providing for all the officers and men of the Kuomintang army and all civil servants of the Kuomintang government who pledged allegiance to the People's Republic, and the need to extend relief to millions of unemployed people and tens of millions of flood refugees, the issue of additional paper money was the only way the state could cover its deficit. The amount of renminbi (people's currency) in circulation grew one hundred times from the end of 1948 to November 1949, and 270 times by February 1950.

These difficulties provided a golden opportunity for market speculators and profiteers. From April 1949 to February 1950, by manipulating the market, they stirred up four waves of inflation, each time raising the prices of grain, cotton, cotton yarn, silver dollars and gold from two to several times and causing a general rise in prices. Some shops even refused to be paid in renminbi.

The People's Government coped with the situation by both administrative and economic means. It prohibited the circulation of gold, silver and foreign currencies, all of which were to be purchased by the People's Bank at official rates announced every day. On June 10, 1949, the People's Government of Shanghai sent public security forces to surround and occupy the Shanghai Stock

Exchange, the headquarters of speculators in gold, silver and foreign currencies. The stock exchange was abolished, and 238 profiteer ringleaders were arrested. The state also tried to force down prices by dumping large quantities of grain, cotton and cotton yarn on the Shanghai market, but it was not until November 25, 1949, when simultaneous action was taken in Shanghai, Shenyang, Tianjin, Beijing and Xi'an, that the speculators received a fatal blow and prices began to fall. By concentrating ample quantities of daily necessities in its hands, the state enabled itself to repel the attacks of the speculators and guarantee supplies to the major cities and flood-affected areas. Prices began to stabilize in March 1950.[25]

It was also in March 1950 that the People's Government assumed unified leadership over the country's economy and finances in the following ways:

1. Unified control of government revenue and expenditure throughout China. Major items of state revenue, including agricultural and other taxes, government inventories, profits of state enterprises and part of their depreciation funds all went to the state treasury or were rigidly controlled by the state. Coupled with an austerity drive, this made possible an effective use of revenue for logistic support for the People's Liberation Army and the restoration of factories, mines and transport facilities vital to economic life.

2. State allocation of supplies. The state took into its hands distribution of such important supplies as grain, cotton cloth and industrial equipment. Every major city acquired an ample storage of grain, cotton cloth and other daily necessities. They were thus able to ensure market supplies, stabilize prices, and fight speculation and profiteering.

3. Vigorous restriction of cash payment. The People's Bank of China was authorized to supervise all cash payments. Except for immediate payments in limited sums, all enterprises, government institutions and army units were to deposit their cash in the People's Bank for unified control and use. This prevented an oversupply of money on the market and increased the funds at the disposal of the state.

These measure enabled the government to eliminate economic and financial chaos, stabilize prices, and balance its budget. Taking the wholesale price index in March 1950 as 100, the figure became 85.4 in December the same year, 96.6 in December 1951, and 90.6 in December 1952. In 1950 government expenditure still exceeded revenue by 4.4 percent. The situation was reversed in 1951 and 1952, when revenue exceeded expenditure by 8.7 percent and 4.4 percent respectively. Inflation, which had plagued the Chinese people for more than a decade, finally came to an end.

In June 1950 Mao Zedong pointed out that three things had to be done to effect a fundamental turn for the better in the nation's financial and economic situation, namely, completion of agrarian reform, proper readjustment of industry and commerce, and large-scale retrenchment in government expenditure. Fulfilment of the three tasks, he said, would take three years or a little more.[26]

Agrarian reform, dealt with in a previous section of this book, gave a tremendous impetus to peasant enthusiasm and led to a speedy recovery in farm production.

Industry and commerce to be readjusted were businesses owned by the national bourgeoisie. The Communist Party's basic policy towards these capitalist firms was one of utilization, restriction and transformation, i.e., utilizing them insofar as they were beneficial to the economy and people's lives, restricting them insofar as they were harmful, and gradually transforming them into socialist enterprises through various forms of state capitalism. Readjustment involved three relationships: that between the state and private industry and commerce, between capital and labour, and between production and marketing. The objective of the first was to assign a proper place to private industry and commerce while maintaining the leading position for the state sector of the economy. The government gave capitalist firms processing jobs, placed large orders with them, or even took responsibility for the marketing of all goods in certain areas of production. Thus it gave the capitalists business, ensured a reasonable profit for them, and directed their firms into the orbit

of state capitalism. The relationship between capital and labour was to be handled on the principle that, while the bosses were not allowed to oppress and exploit the workers as they had in the old days, the workers were also not to raise excessive demands, so that the bosses would not be deprived of a tolerable profit margin. In effect this meant democratic rights for the workers, the working out of relations between capital and labour in the interest of promoting production, and the settling of disputes through consultation. Readjusting the relationship between production and marketing was an important measure to eliminate anarchy in production left over from pre-Liberation days. Between June and September 1950 the financial and economic departments of the Central People's Government convened a series of conference by industries and trades to work out plans for production and marketing by basing the former on the latter and putting private firms under the guidance of state plans. Private firms, which had depended on market speculation to a greater or lesser extent, experienced a recession after the People's Government cracked down on speculation. Readjustment in the above ways helped them tide over their difficulties. In 1951 the private sector of industry showed an increase of 11 percent in the number of factories and 39 percent in production as compared with 1950. In the private sector of commerce 1951 saw a rise of 11.9 percent in the number of shops, 35.9 percent in wholesale volume, and 36.6 percent in retail volume over the previous year. Also in 1951 the net profit of capitalist enterprises in Shanghai reached an all-time high of 600 million yuan.[27]

Because of the outbreak of the Korean War in June 1950 retrenchment in government expenditure could not be carried out as planned. Military expenses and outlays connected with the war effort rose to nearly half the budget.[28]

By the end of 1952 China had achieved a basic turn for the better in its economy and finances. Gross agricultural output value increased by 48.5 percent over 1949, rising by an average of 14.1 percent every year. Grain production reached 163.9 million tons, a 44.8 percent increase over 1949 and 9.3 percent above the pre-Liberation peak. Bast fibres, cured tobacco, peanuts

and sugarcane all surpassed pre-Liberation records. Water conservancy projects damaged in wartime were repaired and new ones constructed. Gross industrial production was 145 percent above 1949 and 22 percent above 1936. Old railways were restored and new lines totalling 1,320 kilometres were constructed, including the Chengdu-Chongqing and Tianshui-Lanzhou railways. A total of 24,500 kilometres of railways was open to traffic in 1952, 13.3 percent more than the pre-Liberation peak.

More than two million unemployment got jobs between 1949 and 1952. The number of industrial and office workers doubled from eight million in 1949 to 16.03 million in 1952. Average wages rose by about 70 percent and peasant income by more than 30 percent during the three-year period. Total retail turnover rose from 17.06 billion yuan in 1949 to 27.68 billion yuan in 1952, an increase of 62 percent.

Back in March 1949, on the eve of nationwide victory for the revolution, Mao Zedong had warned Party members against the "sugar-coated bullets" of the bourgeoisie in his report to the Second Plenary Session of the Seventh Central Committee of the CPC:

> With victory, certain moods may grow within the Party—arrogance, the airs of a self-styled hero, inertia and unwillingness to make progress, love of pleasure and distaste for continued hard living. With victory, the people will be grateful to us and the bourgeoisie will come forward to flatter us. It has been proved that the enemy cannot conquer us by force of arms. However, the flatter of the bourgioisie may conquer the weak-willed in our ranks. There may be some Communists who were not conquered by enemies with guns and were worthy of the name of heroes for standing up to these enemies but who cannot withstand sugar-coated bullets; they will be defeated by sugar-coated bullets.[29]

It did not take long for people to see what the "sugar-coated bullets" were like. In October 1951 the Party Central Committee advanced a policy for streamlining administration, increasing production and practising economy. In a movement to implement this policy many pacesetters and technical innovators made record achievements to push forward industrial and agricultural production. At the same time serious cases of corruption, waste

and bureaucracy on the part of cadres, known as the "three evils," were brought to light in government agencies and state enterprises. Further investigation revealed that quite a few cadres had degenerated as they fell victim to corrosion by capitalists who undermined public interests through bribery, tax evasion, theft of state property, cheating on government contracts, and stealing of economic information, known as the "five evils."

The national bourgeoisie, squeezed by imperialism and bureaucrat-capitalism and almost bankrupt before Liberation, earned more profit in the early 1950s than they ever had during twenty-two years of Kuomintang rule. The above-mentioned 600 million yuan netted by capitalists in Shanghai in 1955 did not include income garnered by illegitimate means, such as the "five evils." The national bourgeoisie showed a dual political character in the years of revolution—possible participation in the revolution coupled with a tendency to compromise with the enemy. They continued to manifest a dual character in the post-Liberation period. While they accepted the Communist Party's leadership and played a positive role in national economic life, they desired an unrestricted expansion of capitalism and sought to increase their gains at the expense of the state and the people. According to 1951 surveys, tax evasion was found among 82 percent of the tax-paying firms in Tianjin and 99 percent of those in Shanghai. The masses were incensed by the deeds of capitalists who used mouldy flour for biscuits, rotten beef for canned food, and even cotten gathered from garbage heaps for first-aid dressings supplied to the Chinese People's Volunteers in Korea. Some capitalists planted their spies in economic departments of the government. In many cases capitalists won cadres over to their side by means of gifts, feasts, money and women.

Although the People's Government proved to he the cleanest government in Chinese history and the great majority of its cadres adhered to the revolutionary tradition of plain living and hard work, some of its staff members had served in the Kuomintang government, where they were used to corrupt practices, while a minority of those who had been tempered in the arduous struggles of the revolution changed for the worse after they came

to the big cities, acquiring a bureaucratic style, taking to luxury and extravagance, accepting the flattery and favours of the bourgeoisie and becoming their captives. In time these people began to accept bribes, embezzle state money, or even gang up with capitalists to engage in graft or theft of state property.

The movement against the "three evils," launched by a decision of the Party Central Committee on December 1, 1951, started with the exposure of cases of corruption, waste and bureaucracy on a mass scale. Emphasis was placed on ferreting out the "tigers"—those who had embezzled or accepted a bribe of ten thousand yuan or more. On the basis of exposures or confessions the cases were verified through serious investigation and dealt with on the principle of leniency towards those who had committed minor offences and owned up to their misdeeds, and severity towards those who were guilty of major crimes but refused to admit them. The movement reached its concluding stage in June 1952, during which the focus was shifted to the elimination of the influences of bourgeois ideology among state cadres, particularly among members of the Communist Party, by means of criticism and self-criticism.

The movement against the "five evils" was launched by a directive from the Party Central Committee in January 1952, one month after the beginning of the movement against the "three evils." The policy called for reliance on the working class and unity with law-abiding capitalists and ordinary citizens for a struggle against capitalists who had committed serious crimes by breaking the law. While the two movements were going on, quite a few lawbreaking capitalists and their allies in state institutions, acting through previous agreement, refused to admit the things they had done together. Some capitalists even threatened to close shop or stop payment of wages to their employees. The People's Government broke their resistance by arresting the worst criminals. Cases were dealt with according to the severity of the offence. In Shanghai, for instance, an ivestigation of 163,400 firms or households engaged in private industrial or commercial undertakings revealed that 15 percent of them were law-abiding, 50 percent were basically law-abiding, 30 percent were classified as

partly abiding by the law and partly breaking it, and only 5 percent as breaking the law on a serious scale and breaking the law completely. The classification represented a policy of narrowing the target of attack coupled with the principle of leniency towards the great majority and severity towards a small minority. In general, those guilty of tax evasion were made to pay what they owed for 1951 but not for earlier years, so that they could continue to operate with adequate financial means.

The complicated struggles involved in the almost simultaneous movements against the "three evils" and "five evils" indicated that the contradiction between the working class and the bourgeoisie had become the main contradiction within the country after the completion of agrarian reform, which resolved the contradiction between the feudal landlord class and the masses of the peasantry. The two movements educated Party and state cadres in the need to guard against bourgeois corrosion, strengthened the leading position of the state sector of the economy, and placed private firms under the supervision of the workers, paving the way for the socialist transformation of capitalist industry and commerce.[30]

The fulfilment of the task of economic rehabilitation, the completion of agrarian reform, and the initial victory over the bourgeoisie on the economic and ideological fronts placed China on the threshold of planned economic reconstruction and socialist transformation of the entire economy, which will be discussed in forthcoming sections.

5. New China's First Constitution

The first Constitution of the People's Republic of China, adopted in September 1954, was a constitution for the period of transition from new democracy to socialism. It was framed at a time when the nation had started to carry out the Communist Party's policies for such a transition and had embarked on socialist reconstruction on a full scale.

Discussion of the general line started in the Party Central Committee in the latter half of 1952, when the country had almost

fulfilled the task of economic rehabilitation. The line, proposed by Mao Zedong, was formulated in the following terms:

> The time between the founding of the People's Republic of China and the basic completion of socialist transformation is a period of transition. The Party's general line or general task for the transition period is basically to accomplish the country's industrialization and the socialist transformation of agriculture, handicrafts and capitalist industry and commerce over a fairly long period of time.[31]

Circumstances prevailing at the time of completion of economic rehabilitation pointed to the necessity of socialist industrialization and socialist transformation, i.e., putting the nonsocialist sectors of the economy on a socialist basis. Statistics for 1952 showed that the state sector, i.e., the socialist sector, accounted for 19.1 percent of national production; cooperative economy of a socialist or semisocialist character, 1.5 percent; economy under joint state-private ownership, 0.7 percent; and economy of individual peasants and craftspersons, 71.8 percent. Modern industry, the main indicator of the level of economic development, made up only 26.7 percent of gross industrial and agricultural production.[32] These figures showed that China's economy was far from being a fully socialist one, but an economy awaiting socialist transformation.

Conditions had ripened for introducing socialist changes in the economy. Productivity was still low by international standards, but considerable industrial advance had been made in the course of economic rehabilitation. For instance, the nation produced 1.35 million tons of steel in 1952 against 158,000 tons in 1949. In the same period coal output increased from 32 million to 66 million tons, and electric power used from 4.3 billion to 7.3 billion kilowatt hours.[33] In other words, the state had not only taken the economic lifelines into its hands but strengthened them. Politically the people's regime had consolidated itself through a series of successful political movements, established peace and order across the Chinese mainland, and gained some initial experience in socialist transformation, such as by promoting mutual aid and cooperation among the peasants and by subjecting capitalist enterprises to state control wherever necessary. On the international front, China was

established diplomatic relations with an increasing number of countries. It had scored a resounding victory on the Korean battlefield, delayed the imperialist schedule for a Third World War, and so won time for its peaceful reconstruction.

In accordance with the general line for the period of transition, the First Five-Year Plan for National Economic Development (1953-57) was drawn up. With Zhou Enlai, Chen Yun and Li Fuchun among its main authors, the plan focussed on 694 above-norm projects** in industrial construction, particularly the 156 projects designed with the assistance of Soviet engineers. Completion of these projects would lay an initial base for China's socialist industrialization. As for socialist transformation, the plan envisaged the formation of producers' cooperatives under partial collective ownership among both peasants and craftspersons and the application of various forms of state capitalism to capitalist enterprises, industrial and commercial. Total investment for the five-year period would mount to 55 billion yuan, of which 58.2 percent was earmarked for industrial development. By 1957 China would produce things it had never made before, such as automobiles, airplanes, tractors and heavy machinery in addition to sharp rises in steel and coal production. The same year would see an increase of 98.3 percent in industrial production as compared with 1952, averaging 14.7 percent a year, and a gross industrial-agricultural output value of 124.1 billion yuan, an increase of 67.8 percent over 1952.

To carry out economic reconstruction effectively and guarantee supplies to the people, the state introduced its monopoly purchase and marketing of food grain and edible oils in November 1953, followed by announcement of its monopoly purchase and marketing of cotton cloth and its monopoly purchase of cotton in September 1954. These measures were necessary to satisfying the demand of the urban population, which had been growing in the course of industrial development, and to curbing speculation by unscrupulous merchants in times of shortages created by natural adversities.

The political consolidation of the People's Republic and the recovery and growth of its economy made it possible to institute

the country's basic political system, defined in the Common Programme of the Chinese People's Political Consultative Conference—the system of people's congresses. In December 1952 an enlarge session of the CPPCC proposed to the Central People's Government Council the convocation of the National People's Congress, which was to be preceded by convocation of local people's congresses at various levels. Upon adoption of the proposal a Commission for the drafting of the Constitution, headed by Mao Zedong, and a Commission for the Drafting of the Electoral Law, headed by Zhou Enlai, were established and set to work. A national census, the first accurate one ever conducted in Chinese history, was taken as of 24:00 hours on June 30, 1953, which placed the population at 601,912,371. On the basis of the census, an electorate of 323,809,684 was ascertained—citizens who had passed their eighteenth birthday and were qualified to vote and stand for election. A total of 278,093,100 people, or 85.88 percent of the electorate, cast their votes in elections at the grassroots level, with the rate among women attaining 84.01 percent. Elections at local levels were concluded by June 1954, after which deputies to the National People's Congress were elected by people's congresses at the provincial level.

Beginning in March 1954, the Commission for the Drafting of the Constitution convened a series of meetings for discussion of the first draft proposed by the CPC Central Committee. Then the draft was presented to 8,000 prominent people from all walks of life for comments and suggestions. A revised version was printed in millions of copies and distributed nationwide. The public discussion, in which 150 million people took part, lasted more than two months before the Central People's Government Council decided, on September 9, to submit the latest revised draft to the First Session of the First National People's Congress.

The NPC opened in Beijing on September 15, 1954. Deputies elected to the Congress numbered 1,226, of whom 12 percent were women and 4 percent came from ethnic minorities. In an opening address Mao Zedong said that the general task for the nation was "to unite the whole people and win the support of all our friends abroad in the struggle to build a great socialist country, defend

world peace and advance the cause of human progress." He called on the Chinese people to build the country, which was still economically and culturally backward, into "a great industrialized country with a high standard of modern culture, in the course of several five-year plans."[34]

The Constitution of the People's Republic of China, the first one for New China, was adopted on September 20, 1954.

Defining the nature of the state of the People's Republic, the Constitution said, "The People's Republic of China is a people's democratic state led by the working class and based on the alliance of workers and peasants."[35] As to the country's political system, it said, "All power in the People's Republic of China belongs to the people. The organs through which the people exercise power are the National People's Congress and the local people's congresses," adding that these and other organs of state were to practise a system of democratic centralism, i.e., centralization based on democracy and democracy under centralized guidance. "All organs of state," the Constitution stated, "must rely on the masses of people, constantly maintain close contact with them, heed their opinions and accept their supervision."

On the general line for the period of transition in China, the Constitution said that "the People's Republic of China, by relying on the organs of state and the social forces, and by means of socialist industrialization and socialist transformation, ensure the gradual abolition of systems of exploitation and the building of a socialist society." On the position of the capitalist economy the Constitution made it clear that "the state protects the right of capitalists to own means of production and other capital according to law," adding, however, that the state would encourage and guide the transformation of capitalist industry and commerce "into various forms of state-capitalist economy, gradually replacing capitalist ownership with ownership by the whole people."

A whole section was devoted to the organs of self-government of national autonomous areas, i.e., areas where China's ethnic minorities would practise autonomy. It provided for the establishment of organs of self-government in an autonomous region, prefecture or county in a form to be determined by the majority

of the ethnic group exercising autonomy there. Within the limits of their legal authority such organs of self-government had the right to administer their local finances, organize their local public security forces, and formulate statutes and regulations suited to ethnic characteristics, which were nevertheless subject to endorsement by the Standing Committee of the National People's Congress. The organs of self-government of ethnic minorities also had the right to use the languages of these ethnic groups for the performance of their duties. The higher organs of the state had the duty to assist the ethnic minorities in their political, economic and cultural development.

The chapter on the fundamental rights and duties of citizens said that all citizens who had reached the age of eighteen enjoyed the right to vote and stand for election regardless of ethnic status, race, sex, occupation, social origin, religious belief, education, property status or length of residence, provided they were not insane and were not persons deprived of such right by law. Citizens of the PRC enjoyed freedom of speech, the press, assembly, association, and procession and demonstration. They also enjoyed the freedom of religious belief. Their personal freedom was inviolable, and so were their homes. None of them might be arrested except by decision of a people's court or with the sanction of a people's procuratorate. Characteristic of a basic law of the socialist type, the Constitution stipulated that citizens of the PRC had the right to work, and the state would guarantee their enjoyment of this right by gradually creating more employment, better working conditions and higher wages through planned economic development. The working people of the PRC had the right to receive material assistance in old age and in case of illness or disability, and the state would guarantee their enjoyment of this right by expanding social insurance, social assistance and health services. One article said, "Women in the People's Republic of China enjoy equal status with men in all spheres of political, economic, cultural, social and domestic life. The state protects marriage, the family, and the mother and child." Citizens had the right to bring complaints against any person working in organs of state for transgression of law or neglect of duty by making a written or

verbal statement to any organ of state at any level. The duties of citizens consisted in abiding by the Constitution and the law, upholding discipline at work, keeping public order and respecting social ethics. They must respect and protect public property, which was inviolable, and must pay taxes and perform military service according to law.

On foreign policy the Constitution declared that China was ready to establish and develop diplomatic relations with all countries on the principle of equality, mutual benefit and mutual respect for each other's sovereignty and territorial integrity. The country's consistent policy in international affairs was to strive for world peace and the progress of humanity.

In talks on the draft Consitiution both Mao Zedong and Liu Shaoqi related the history of constitutions enacted in China. Constitutions were of three types: First there were the Nineteen Constitutional Articles promulgated by the tottering Manchu dynasty in 1911, the draft constitutions made by the northern warlords up to 1923, and the constitutions of the Kuomintang regime, all of which were but a means of camouflaging reactionary rule. The second type was the Provisional Constitution enacted by Dr. Sun Yat-sen after the 1911 Revolution. It was a progressive constitution for its time, but being a bourgeois constitution, it could not be carried out because the imperialist powers would never allow China to become an independent capitalist country. The 1954 Constitution of the People's Republic was the epitome of the Chinese people's revolutionary experience both before and after Liberation, which taught them that the only way out for China was a new-democratic revolution and, after victory in that revolution, transition from a new-democratic to a socialist society. The Constitution was enacted at a time when China had not yet attained a socialist society, but it was a socialist constitution in nature and orientation.[36]

The First Session of the First National People's Congress, which closed on September 28, 1954, elected Mao Zedong Chairman and Zhu De Vice-Chairman of the People's Republic. Liu Shaoqi was elected Chairman of the Standing Committee of the National People's Congress. The Vice-Chairman of the NPC

Standing Committee included Soong Ching Ling (Madame Sun Yat-sen) and twelve others, among them the Dalai Lama. Dong Biwu was elected President of the Supreme People's Court and Zhang Dingcheng Chief Procurator of the Supreme People's Procuratorate. Zhou Enlai was appointed Premier of the State Council.

The NPC session was followed by the First Session of the Second National Committee of the CPPCC in December 1954. It was decided that, since the system of people's congresses had been instituted, the CPPCC would no longer exercise the functions and powers of the National People's Congress but continue to play its proper role as the organization of the people's democratic united front. The session elected Mao Zedong Honourary Chairman and Zhou Enlai Chairman of the CPPCC. The list of sixteen vice-chairmen was headed by Soong Ching Ling and included the Panchen Lama.

6. Socialist Transformation—the Chinese Way

With Liberation, imperialist privileges in China were abolished, the economic establishments owned by bureaucrat-capital were confiscated, and agrarian reform was carried out across the Chinese mainland. All this meant the end of an economy of a semifeudal, semicolonial nature and its replacement by a new-democratic economic order. Specifically, the new order consisted of the following sectors:

1) State economy. This was the socialist sector of the economy under ownership by the whole people. It was composed of three parts: enterprises owned by the people's governments in the old revolutionary base areas, those taken over from bureaucrat and foreign imperialist capital, and the new ones established under the People's Republic. The state sector accounted for 19.1 percent of the national income by the time economic rehabilitation was accomplished in 1952. It was the leading factor in the nation's economy and provided the material foundation for socialist transformation.

2) Cooperative economy. The cooperatives of the working

people were either socialist ones based on collective ownership of the means of production or semisocialist ones based on private ownership. Small in number, they accounted for only 1.5 percent of the national income in 1952.

3) Individual economy. This was the economy of the individual peasants, craftspersons and other independent workers, accounting for as much as 71.8 percent of the 1952 national income.

4) Private capitalist economy. The economy of the national bourgeoisie, which was preserved and even encouraged to develop after Liberation, accounted for 6.9 percent of the 1952 national income.

5) State-capitalist economy. This refers to capitalist enterprises under the joint management of the People's Government and capitalists, an advanced form of state capitalism. It accounted for 0.7 percent of the 1952 national income.

As required by the Party's general line for the period of transition from new-democracy to socialism, the task of socialist transformation consisted of the following:

1) Changing the economy of the peasants and craftspersons, based on individual ownership, into a cooperative economy based on collective ownership; and

2) Changing the capitalist economy of the national bourgeoisie into a component part of the socialist economy under ownership by the whole people through various forms of state capitalism.

This was a tremendous job in a country of more than 600 million people, and the Chinese Communist Party led the nation in accomplishing it by ways suited to China's conditions.

The abolition of feudal landownership changed the countryside into a world of smallholders. No longer exploited by the landlords, the peasants showed high enthusiasm and pushed farm production to record levels. But their individual economy suffered from serious limitations. Although they fared better after agrarian reform, they were generally not well off because the per capita cultivated land was only one-fifth of a hectare across the country and one-fifteenth of a hectare in the southern provinces.

They did not have the means to combat such natural calamities as flood, drought, frost, windstorm, hailstorm or insect pests. A polarization of rich and poor took place soon after agrarian reform. Usury and market speculation became serious in many places, and new rich peasants were appearing everywhere. Peasants in difficulties were already mortgaging or even selling their land. The majority of peasants looked to the Communist Party for help in starting cooperatives to enable them to combat bad weather and do better farming.

Agricultural cooperation was also a necessity for the programme of industrialization. The rising population in cities and industrial centres needed more and more food grain, vegetables and other farm produce, and it was impossible to meet such requirements without achieving higher productivity in agriculture through cooperation.

In September 1951 the CPC Central Committee circulated its Resolution on Mutual Aid and Cooperation in Agricultural Production (Draft) among Party committees at all levels, calling on them to achieve a steady development of mutual aid and cooperation among the peasants on three principles, i.e., 1) voluntary participation and mutual benefit; 2) persuasion by demonstration of good examples; and 3) state assistance to the peasants who were getting organized. The resolution envisaged three forms of agricultural organization. The first was the mutual-aid team, which could embrace several to a dozen households. In a seasonal mutual-aid team the participants would work together and exchange labour power, draught animals and farm tools in busy seasons. In a year-round mutual-aid team they would have a more or less regular division of labour and own some common property. This form contained an embryo of socialism. The next form was the elementary agricultural producers' cooperative, in which the peasants pooled the lands under their private ownership as investments and distributed the collective income according to their contributions in both labour and land, with reimbursements for any livestock, farm implements and other facilities used in common. Such a cooperative was considered a semisocialist organization. The third and highest form would be the advanced

agricultural producers' cooperative. It was considered a fully socialist organization because, while compensation for land and other contributions was to be made at the time of its formation, all such means of production would be collectively owned and income would be distributed solely on the basis of work. Such a gradual advance from a lower to a higher form would enable the peasants to get used to collective production and to the change-over from private to public ownership, avoiding losses that would result from an abrupt change. Taking the gross value of agricultural production in 1952 as 100, it rose to 103.1 in 1953, 106.6 in 1954, 114.7 in 1955 and 120.5 in 1956.

Because of differing attitudes towards socialist change, in the beginning only the poor peasants and the lower stratum of middle peasants were persuaded to join cooperative organizations; they were the strongest supporters. The "lower stratum of middle peasants" included those who had always belonged to this stratum and the poor peasants at the time of agrarian reform who had become part of it in post-Liberation years. Care was taken to unite with the middle peasants, who were not asked to join until they saw that participation would benefit them. Admission was granted periodically to rich peasants and landlords who had given up exploitation so that they could remould themselves into working people living by their own labour.

In December 1953 the Party Central Committee adopted the Resolution on the Development of Agricultural Producers' Cooperatives, which recommended the establishment of semisocialist, elementary cooperatives wherever possible. In little more than a year the number of such coops increased from 14,900 in November 1953 to over 480,000 in January 1955 and then to over 580,000 in early February and to over 670,000 in April. In the course of such speedy development blind optimism, impetuosity and compulsion in violation of the principle of voluntary participation appeared in some places. A wrong approach, coupled with a drop in farm production caused by natural calamities in 1954, the state purchase of 3.5 million extra tons of grain from the peasants in the same year, and a too rapid transformation of the private sector of commerce, gave rise to peasant misgivings about

socialist transformation and strained the Party's relations with the peasants.[37] Acting on instructions of the Party Central Committee, the Department of Rural Work of the Central Committee announced a policy of suspending the formation of coops and devoting every effort to consolidation of existing ones. In line with this policy over 20,000 hastily formed coops were dissolved, mainly in Zhejiang, Hebei and Shandong provinces. This relaxed the situation in the countryside and placed the coops on road of steady development. In some places, however, people went to the other extreme, dissolving coops that should have been preserved, and this affected the enthusiasm of the peasants and cadres at the grassroots.

In July 1955 Mao Zedong delivered a report entitled "On the Cooperative Transformation of Agriculture" at a conference of Party secretaries of provinces, municipalities and autonomous regions, in which he said:

> The social and economic features of China will not be completely changed until the socialist transformation of the social and economic system is completely accomplished and, in the technical field, machinery is used in all possible branches and places.[38]

He pointed out that an upsurge in the new, socialist mass movement was imminent throughout the countryside and called on Party organizations at various levels to work out overall plans for the agricultural cooperative movement and give it strong leadership. His report also set forth the guiding principles, methods and steps for the socialist transformation of China's agriculture. While all the above was correct, the report contained inappropriate criticisms of Deng Zihui and the Department of Rural Work under his charge, describing them as "tottering along like a woman with bound feet... taking the stand of the bourgeoisie, the rich peasants, or the well-to-do middle peasants with their spontaneous tendencies towards capitalism" and therefore committing mistakes of Right deviation. These charges did not conform to the facts.

In spring 1956 the movement shifted its focus to the upgrading of elementary coops to advanced ones, in which the chief means of production, including land, draught animals and large

farm implements, were placed under collective ownership, dividends on land shares were abolished, and the principle of "from each according to his ability, to each according to his work" was carried out. In June the Third Session of the First National People's Congress promulgated a Model Charter of the Advanced Agricultural Producers' Cooperative for the peasants and cadres engaged in rural work to go by. After consolidation in the April to September period most of the elementary coops were expanded, merged and finally upgraded to advanced coops. By the end of 1956, 756,000 agricultural producers' cooperatives had been established across the country, and 107.42 million peasant households, 87.8 percent of the total, had joined advanced coops of a fully socialist nature. This meant the basic realization of agricultural cooperation in China.

The small number of rich peasants were the only exploiting class left in the countryside after abolition of the landlord class during agrarian reform. Instead of confiscating their property and driving them out of rural areas, which had been the practice abroad, the CPC adopted a policy of restricting and finally eliminating their economy while allowing them to remould themselves by taking part in collective labour. However, they were not admitted by the coops until after basic victory in the movement for agricultural cooperation. Thanks to this policy, the rich peasants offered no serious resistance to the socialist changes in the countryside.

Overall, the CPC pursued a positive but prudent policy for the socialist transformation of agriculture, so that individual peasants, as small proprietors, joined the coops without much reluctance. A slump in production and destruction of means of production, which had occurred in the collectivization of agriculture abroad, were avoided in China. In 1956, the year of virtual realization of agricultural cooperation, farm production increased by 5 percent over the previous year, including a 4.6 percent increase in grain output in spite of serious natural adversities. The same year 75 percent of the peasant households saw some rise in their incomes, while only 10 percent earned less.

This doesn't mean, however, that there were no shortcom-

ings or deviations in China's case. Looking back, Chinese economic researchers and administrators generally agree that it would have been much better if the elementary coops had been given several more years to attain maturity before they were upgraded to advanced coops. A more serious problem lay in the centralized form of organization of collective labour and the unitary system of income distribution on the basis of work points. These practices, which prevailed for more than two decades, proved unsuccessful because they did not suit the production conditions in China's countryside and dampened the enthusiasm of the peasants by equalizing their incomes. It took a long time for people to reach a consensus on these problems, which were not solved until a few years after the "cultural revolution."

The socialist transformation of the handicraft industry was also effected through the formation of cooperatives. At the time of Liberation craftspersons accounted for 20 percent of the nation's industrial production and supplied 60 to 70 percent of the manufactured goods bought by the peasants. But while the economy of the peasants was largely self-sufficient, craftspersons had to depend on sources of raw materials and a market. Thus the state first organized them into supply and marketing cooperatives, which provided them with raw materials, purchased their products, and ensured fair, stable prices for these products. Operating in separate shops or households, however, the handicraft workers could hardly effect a division of labour or use modern technology. The only solution was to change the supply and marketing coops into producers' coops, in which both the means of production and the products would be collectively owned and the members would be given a share of the collective income on the principle of equal pay for equal work.

The upsurge in the agricultural cooperative movement in 1955 gave much impetus to a parallel movement in the handicraft industry. By the end of 1956 over 90 percent of craftspersons had joined producers' cooperatives as compared with only 13.6 percent in 1954. This meant the basic completion of the socialist transformation of the handicraft industry. But the movement

developed too fast and suffered from unnecessary uniformity. For instance, different kinds of handicrafts were put in one cooperative. The variety of products and the quality of famous brands were affected.

In China the socialist transformation of capitalist industry and commerce was effected through a policy of peaceful redemption.

Both Marx and Engels had pointed out that, under certain circumstances, the proletariat could adopt a policy of "buying off" the bourgeoisie. In the early years after the October Revolution in Russia Lenin proposed to buy off a section of the bourgeoisie through state capitalism so that manufactured goods could be made available to the people, particularly the peasants, and the proletariat could gain experience in economic management in the process. Not believing that Soviet power could last long, the Russian bourgeoisie rejected the proposal, and Lenin's ideas could not be carried out.

The situation was quite different in China. The Chinese Communist Party had worked with representatives of the national bourgeoisie in various periods of the democratic revolution. After Liberation the national bourgeoisie accepted the leadership of the Party and indicated its willingness to undergo ideological remoulding and the socialist transformation of their economy. The same class was also of considerable importance economically. Statistics for 1949 showed that there were 123,000 capitalist industrial enterprises employing 1.64 million workers, 53.6 percent of the total industrial work force and accounting for 48.7 percent of the country's gross value of industrial output.[39] Thus state policy was to utilize the positive role of national capitalism in economic life while restricting its negative aspects, such as the "five evils" described in the previous section.

The socialist transformation of the capitalist economy started right after Liberation. In fact, joint state-private enterprises appeared as early as 1949, because shares owned by Kuomintang officials who had fled were taken over by the People's Government. But the number of such enterprises was small. In 1952 only

11.5 percent of the output of capitalist industry came from state-private enterprises, while 49.6 percent was provided by privately-owned factories working totally or partly on government orders, and 38.9 percent from those that were totally independent.[40] Until 1954 state capitalism in industry mainly took such initial forms as the government placing orders with privately-owned factories, giving them processing jobs, or undertaking to market all or part of their products. In commerce the state controlled the wholesale business for important products and let private stores handle the retail sales or made the latter sales agents or commission agents for state commercial institutions.

The First Five-Year Plan was launched in 1953 and national reconstruction went underway on a full scale. New state enterprises were put into operation while the old ones were improved technically. The state sector of the economy became much stronger; private enterprises could hardly compete. In the interest of boosting national production the state also invested in the reconstruction and expansion of key privately-owned factories, which became joint state-private firms in the process. In 1954 the state introduced joint operation in the larger private factories. The growth of state enterprises as well as joint state-private enterprise put the small and medium-sized private factories in a difficult position, and they too applied for joint operation. But the state could not invest in the renovation or expansion of so many factories, big and small, and the only solution was to reorganize and streamline them by trades. Meanwhile, the upsurge in the movement for agricultural cooperation in the second half of 1955 made capitalist development almost impossible in China and led to an upsurge in the socialist transformation of capitalist industry and commerce. In early 1956 capitalists of all trades in Beijing applied for joint state-private operation in each and every trade, and the same request soon came from capitalists in other cities. Meanwhile, private stores became joint state-private or cooperative stores. This meant basic victory in the socialist transformation of China's capitalist industry and commerce. In 1956 state

industry accounted for 67.5 percent of the nation's gross industrial output value, and joint state-private industry, 32.5 percent. In wholesale trade state and joint state-private commerce accounted for 97.2 percent of the turnover and private commerce, only 2.8 percent. In retail sales state commerce accounted for 68.3 percent; joint state-private and cooperative commerce, 27.5 percent; and private commerce, 4.2 percent.[41]

Under the system of joint state-private operation the policy of redemption was effected first by ensuring a profit for the capitalists and later by paying them a fixed interest. Before the shift to joint state-private operation by whole trades the profit of an enterprise was divided into four parts, namely, 1) income tax; 2) the public accumulation fund of the enterprise; 3) a public welfare fund for the workers; and 4) the profit for the capitalists. The last item was about 25 percent of total profit. Continuation of this practice became impossible after the changeover to joint state-private operation along trade lines because it would prevent the merger of a more profitable firm with a less profitable one. After canvassing the opinions of capitalists, the state introduced a system whereby they were annually paid a fixed interest equivalent to 5 percent of the value of their shares irrespective of the profit earnings of a given firm. This gave the state a free hand to reorganize the firms in each trade for a reasonable division of labour among them. Payment of fixed interest was scheduled for a seven-year period from 1956 to 1962 and then extended for three years to 1965, but in actual practice it did not stop until 1967. The payment of fixed interest to capitalists was the only vestige of capitalism in a state-private enterprise, and its termination removed the last difference between it and a state enterprise.

The capitalists continued to work in various capacities in their respective firms after socialist transformation. Many drew their original salaries, which were much higher than the pay scales in state enterprises. It is also true, however, that some of them were not given suitable jobs and their skills were not properly used.

7. Searching for the Correct Path of China's Socialist Development

In 1955, more than two years after the launching of the First Five-Year Plan, the CPC leadership began to review China's initial experience in socialist reconstruction in search of a correct approach to the task. Towards the end of the year and thereafter Liu Shaoqi listened to reports from leaders of industrial departments and discussed questions of policy with them. Beginning in February 1956, Mao Zedong spent one and a half months listening to reports from thirty-four departments in charge of industry, agriculture, transport and communications, commerce and state finance. A series of discussions on questions of socialist revolution and reconstruction were held by the Party Political Bureau and the State Council. On the basis of these studies a report entitled "On the Ten Major Relationships"[42] was delivered by Mao Zedong at an enlarged session of the Political Bureau in April 1956.

The report focussed on the question of mobilizing all positive factors, inside and outside the Communist Party, domestic and international, for the purpose of building China into a strong socialist country. A discussion of the question was necessary, the report said, particularly because defects and errors in the socialist experience of the Soviet Union had just come to light, and the CPC had to draw lessons from them if it wanted to avoid the same detours.

On the relationship between heavy industry, on the one hand, and light industry and agriculture, on the other, the report reaffirmed the established policy of giving priority to heavy industry that turned out capital goods. However, it drew attention to the lopsided stress on heavy industry to the neglect of agriculture and light industry in the Soviet Union and some Eastern European countries, pointing out that a better development of agriculture and light industry would provide more capital for heavy industry and, in the long run, benefit its expansion.

On the relationship between industry in coastal regions and

that in the interior, the report considered it necessary to even out the distribution of industry, which had always been concentrated along the coast. But it would be wrong, the report said, to underestimate the importance of coastal industry, which, if developed more fully, could promote industrial development in the interior. Since the Korean War was over and there seemed no immediate danger of another war of aggression against China or a new world war, there should be no misgivings about expanding the capacities of old industries or even investing in new ones along the coast. "The notion that the atom bomb is already overhead and about to fall on us in a matter of seconds is a calculation at variance with reality," Mao said.

On the relationship between economic and defence construction, the report stressed that only a faster growth of economic construction could lead to greater progress in defence construction. Thus it recommended cutting military and administrative expenditure from 30 percent under the First Five-Year Plan to 20 percent under the Second. China must have its own atom bomb if it didn't want to be bullied, but to get it sooner, it must step up economic construction.

On the relationship between the state, the units of production and the producers, the report said the interests of all three should be taken into account. On the basis of rising labour productivity, there should be a steady increase in wages and collective welfare and improvements in working conditions for the workers. In the countryside the Party should see to it that, given a rise in farm production, 90 percent of the coop members get an increase in their income while the other 10 percent break even each year. The report noted that in the Soviet Union the peasants had been squeezed hard by the state, which took away too much from them at too low a price. In China, too, a mistake had been made in 1954 when floods in some parts of the country had caused a drop in farm production, yet the state had purchased 3.5 million more tons of grain from the peasants, who had become disgruntled. As a remedy, a system was introduced in the spring of 1955 under which production quotas were based on the yield in a normal year and increases in production would not be

subject to extra sales to the state. The report also touched on the question of the independence of factories under the unified leadership of the state. "Every unit of production must enjoy independence as the correlative of centralization if it is to develop more vigorously," it said.

The report called for giving scope to the initiative of the central departments and that of the local authorities, which should not be put in a straitjacket. On the relationship between the Han people and the ethnic minorities, it underscored the need to oppose both Han chauvinism and local-nationality chauvinism. The report also recommended a policy of long-term coexistence and mutual supervision between the Communist Party and the democratic parties, fewer arrests and executions of counterrevolutionaries, and helping people who had made mistakes, allowing them to go on taking part in development. On the relationship between China and other countries, the report said it was necessary to learn from the strong points of all nations. "But we must learn with an analytical and critical eye, not blindly, and we mustn't copy everything indiscriminately and transplant mechanically. Naturally, we mustn't pick up their shortcomings and weak points." The same principle, the report said, applied to learning from the experience of the Soviet Union and other socialist countries.

The above views represented significant probings into China's socialist development. Later events, however, prevented most of them from being carried out until after the "cultural revolution."

On April 28, 1956, Mao Zedong proposed, at an enlarged meeting of the Party Political Bureau, that art and literature be guided by the slogan "Let a hundred flowers blossom," and academic undertakings by the slogan "Let a hundred schools contend." He reiterated his view at the Seventh Session of the Supreme State Conference on May 2. On May 26 a report on the two slogans was delivered by Lu Dingyi, Director of the Propaganda Department of the Party Central Committee, in which he stressed that while there must be a clear line of demarcation between ourselves and the enemy, there must be freedom for

people working in art, literature and scientific research to think for themselves, to hold debates, to create and criticize, and to express, insist on or reserve their opinions. Policy was an expression of such freedom in art, literature and science.[43]

Since assuming national power in 1949, the Party had kept up an effort to defend itself against corrosion by bourgeois ideology, often in conjunction with important political movements such as the struggle against the three evils. A major struggle occurred in 1953, when two influential leading cadres, Gao Gang and Rao Shushi, collaborated to make a bid for supreme power. Gao, who had joined the Party in 1926 and had become well known as a founder of the Shaanxi-Gansu-Ningxia Border Region, was a member of the Political Bureau, Party Secretary for Northeast China, and a vice-chairman of the Central People's Government. Rao, who had joined the Party in 1925, was a member of the Central Committee and served as Party Secretary for East China. They advanced no particular political programme, but carried out a series of clandestine activities to attain their personal ambitions. To stir up sentiment against the central leadership, Gao claimed that the CPC actually consisted of two parties, the "party of the army" and the "party of the White areas" (Party members who had worked underground in the Kuomintang areas), and that the latter was predominant in the central leadership while the former was being discriminated against. In 1953 Gao and Rao were both transferred to Beijing, Gao as Chairman of the State Planning Commission and Rao as Director of the Organization Department of the Party Central Committee. Their conspiracy surfaced at two national conferences held the same year, one on financial and economic work and the other on organizational work, during which they circulated among the participants slanderous rumours against Liu Shaoqi and Zhou Enlai, both Secretaries of the Party Central Committee, to prepare opinion for the ousting of the two. Their scheme was detected by the Party Central Committee. In a speech at the National Conference on Financial Work on August 12, 1953, Mao Zedong warned the Gao-Rao alliance by saying, "Opinions are welcome, but to undermine Party unity would be

a most shameful thing."[44]

At a meeting of the Political Bureau in December 1953, when Mao Zedong suggested that during his forthcoming vacation Liu Shaoqi act on his behalf, following previous practice, Gao Gang objected. Meanwhile, Gao tried to rally support for himself as General Secretary or Vice-Chairman of the Central Committee or Premier of the government. Rao Shushi, who controlled the Department of Organization, prepared an illegitimate list of candidates for a new Political Bureau.

The misdeeds of Gao and Rao were exposed and criticized at a meeting of the Political Bureau on December 24. As suggested by Mao Zedong, the meeting drafted a Resolution on Strengthening the Solidarity of the Party for submission to the Fourth Plenary Session of the Seventh Party Central Committee, which was held from February 6 to 10, 1954, and chaired by Liu Shaoqi during Mao Zedong's absence. The session adopted the resolution, which pointed out that the Party could not carry out its general line for the period of transition and be successful in socialist revolution and reconstruction without relying on its own solidarity. Victory in the democratic revolution, however, had turned the heads of some cadres. They had become incredibly arrogant, regarded themselves as number one in the world, and had even turned the departments or regions under their charge into their independent kingdom. The solidarity of the Party meant its very life, and to disrupt it would mean helping the enemy to destroy the Party, the resolution said.

After the session further discussions were held at the central level to clarify the cases of Gao and Rao, persuade them to realize their mistakes, and educate Party cadres. Rao made a self-criticism that evaded the crucial issues, while Gao replied by committing suicide. Both were expelled from the Party at the National Conference of the CPC held in March 1955. The conference made a strict distinction between Gao and Rao as chiefs of the anti-Party alliance and comrades who had collaborated with them or had been influenced by them. The latter were helped to realize and correct their mistakes on the Party's principle of "learning from past mistakes to avoid future ones and curing the

sickness to save the patient."[45]

The Eighth National Congress of the Communist Party of China was held in Beijing in September 1956. It was attended by 1,026 delegates representing a membership of 10.73 million, as compared with 4.5 million immediately after Liberation. Also present were delegations from the Communist, Workers', Labour and People's Revolutionary parties of fifty-nine countries as well as representatives of China's democratic parties and nonparty democrats. The task of the congress was to review the experience since the Seventh Congress in 1945, particularly the experience in socialist transformation and reconstruction in the seven years since the founding of the People's Republic, and unite the whole Party and all forces that could be united in the struggle to build China as a great socialist country. Mao Zedong delivered the opening address. A political report was made by Liu Shaoqi, a report on the revision of the Party Constitution by Deng Xiaoping, and a report on the proposed Second Five-Year Plan (1958-62) by Zhou Enlai. As indicated by its documents, the congress set the following ideological guidelines:

On the main contradiction in the country and the main task confronting the Party, the congress pointed out that the socialist system had in the main been established in China. "Without doubt, the people of our country must continue to strive for the liberation of Taiwan, for the completion of socialist transformation and for the final elimination of the system of exploitation, and they must also persist in the struggle to eliminate the remnants of counterrevolutionary forces," a resolution of the congress said. However, "the contradiction between the proletariat and the bourgeoisie in our country has already been resolved," and "the major contradiction in our country is already that between the people's demand for the building of an advanced industrial country and the realities of a backward agricultural country, between the people's need for rapid economic and cultural development and the inability of our present economy and culture to meet that need.... This contradiction, in essence, is between the advanced socialist system and the backward productive forces of society. The chief task now facing the Party and

people is to concentrate all efforts on resolving this contradiction and transforming China as quickly as possible from a backward agricultural country into an advanced industrial one."[46] The congress held that, though class struggle was continuing and it was still necessary to strengthen the people's democratic dictatorship, the fundamental task of the Party and the state had shifted from changing the old relations of production to protecting and developing productive forces in an environment provided by the newly established relations of production.

On the guideline for economic reconstruction and the structure of China's socialist economy the congress recommended a steady advance, to be effected by balancing the various sectors of the economy, warning against both conservatism and adventurism. The speed of economic growth should be based on need as well as possibility, the congress resolution said. It pointed out that, while the state and collective sectors had become the main body of China's industry and commerce, it was necessary to allow a certain number of private individual businesses to play a supplementary role. The main industrial and agricultural commodities would be produced according to state plans, but freedom should be granted for the production of a number of commodities on the basis of market demand within limits prescribed by state plan. Thus the unified socialist market would consist of two sectors: a state market and a supplementary free market under state guidance.

Stressing the importance of a healthy development of the Communist Party as the party in power, the congress called on the whole Party to persevere in the principle of seeking truth from facts, in the mass line and in the system of democratic centralism. It required all Party members to overcome subjectivism, bureaucracy and sectarianism and guard against the danger of divorcing themselves from realities and from the masses. It was necessary to give scope to democracy both within the Party and among the people in general, adhere to the Party's system of collective leadership, and prevent the emergence of personality cult and arbitrary decisions on major issues by one or two persons.

The congress adopted a resolution on the political report of the Central Committee, the new Party Constitution, and the proposed Second Five-Year Plan. It elected a Central Committee of ninety-seven members and seventy-three alternate members. At the First Session of the Eighth Central Committee, elected at the congress, Mao Zedong was elected Chairman of the Central Committee, Liu Shaoqi, Zhou Enlai, Zhu De and Chen Yun, Vice-Chairmen, and Deng Xiaoping, General Secretary.

Later experience in China's socialist development, including both successes and failures, proved the line and policies of the Eighth Party Congress to be correct. Soon after the congress, however, "Left" mistakes occurred in the Party's ideological guidelines, which made it impossible to carry out these policies effectively. In a sense, some of the policies adopted after the end of the "cultural revolution" were a continuation and further development of the spirit of the congress.

8. Foreign Policy and External Relations in the Early Post-Liberation Years

In the early years of the People's Republic, the primary task in foreign affairs was to maintain the country's newly-won independence and lay a foundation for peaceful coexistence with other countries. Toward this end, the Government pursued a foreign policy of opposing imperialist aggression; safeguarding world peace; respecting other nations' independence, territorial integrity and sovereignty and vigorously developing friendly and cooperative relations with peoples of all countries.

On inauguration day of the People's Republic of China Foreign Minister Zhou Enlai sent telegrams to foreign governments, proclaiming the founding of the Central People's Government and indicating its desire to establish diplomatic relations with them. The next day the Government of the Union of Soviet Socialist Republics announced recognition of the People's Republic of China and establishment of diplomatic relations with her.

A number of Asian and European countries followed suit and established, or began negotiations for establishment of, diplomatic relations with the People's Republic. By October 1950, a year after the founding of the PRC, New China had established diplomatic relations with seventeen countries—the Soviet Union, Bulgaria, Romania, Hungary, the People's Democratic Republic of Korea, Czechoslovakia, Poland, Mongolia, the Democratic Republic of Germany, Albania, Burma, India, Viet Nam, Denmark, Sweden, Switzerland and Indonesia—and received recognition from nine countries—Pakistan, Great Britain, Ceylon (Sri Lanka), Yugoslavia, Norway, Israel, Afghanistan, Finland and Holland. New China had also restored and developed trade relations with many countries.

Although New China had won the acclaim and sympathy of peoples the world over and received support and recognition from many countries, she was faced with an intricate and menacing international situation. The Chinese people's victory over the U.S.-backed Kuomintang regime was overwhelming, but the Truman administration refused to accept its defeat in China and insisted on a policy of nonrecognition and economic blockade of New China, while actively supporting the subversive activities of remnant Kuomintang elements in mainland China. The threat of imperialist aggression and the possibility of a third world war still existed and the Kuomintang forces entrenched in Taiwan were contemplating attack on the mainland in the event of a third world war.

Sino-US relations were in a state of open hostility and direct confrontation. The United States was endangering China's security from three directions—Korea, Taiwan and Indochina. In June 1950 the US launched a war against Korea and simultaneously occupied China's Taiwan. US troops soon crossed the 38th Parallel in Korea and approached the Yalu and Tumen rivers along the China-Korea borders. The Chinese People's Volunteers and the Korean People's Army, fighting side by side, drove the aggressors back to the vicinity of the 38th Parallel and on July 27, 1953 forced the United States to sign the Korean Armistice Agreement in Panmunjom, the first agreement of its kind ever

signed by America in a war that she failed to win. Military victory in Korea consolidated the PRC's position on the international scene.

In Indochina the PRC strongly supported the peoples there in their struggle for independence. At the Geneva Conference of 1954, China defeated US schemes for prolonging the French colonial war in Indochina. The agreement reached at the conference restored peace on the penninsula on the basis of respect for the Indochinese people's right to independence.

The PRC also made known to the world US interference with China's internal affairs by creating tension on the Taiwan issue. After the People's Government took a series of military measures in the Taiwan Straits, the United States began to show restrain, and by August 1955 approached the PRC for holding ambassadorial talks.

Thus, the young People's Republic, though preoccupied with gigantic rehabilitation tasks, was determined not only to safeguard her own independence and sovereignty but also to concern herself with the problems of other oppressed peoples. The U.S. policy of hostility towards New China which was to last for a fairly long period of time all but blocked exchanges between the people of China and the United States.

In the early post-Liberation years, New China was on very intimate terms with the Soviet Union, the first country to recognize and establish diplomatic relations with the PRC. Chairman Mao Zedong visited the Soviet Union in December 1949, and Premier Zhou Enlai arrived in Moscow in January the following year. The two Chinese leaders held talks with Soviet leader Joseph Stalin on political and economic matters of common concern and on February 14, 1950, concluded the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance, the Sino-Soviet Agreement on the Chinese Changchun Railway, Lüshun and Dalian, and the Sino-Soviet Agreement on Grant of Credit to the People's Republic of China.

The Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance went into effect on April 11, 1950, and was valid for thirty years. The treaty stipulated that both countries were deter-

mined to promote friendly cooperation and prevent imperialist invasion so as to safeguard peace in the Far East and throughout the world; that both parties undertook to adopt all necessary measures at their disposal to "prevent Japan and those countries which directly and indirectly colluded with it in aggressive actions from unleashing new invasions and sabotaging peace;" that in the event of one of the contracting parties' being attacked by Japan or any state allied with it, the other contracting party would immediately render military and other assistance; and that each contracting party undertook not to take part in any coalition or other actions or measures directed against the other contracting party. The treaty also stipulated that the contracting parties each undertook in the spirit of friendship and cooperation to develop and consolidate economic and cultural ties between the two countries and render each other economic assistance. This treaty, during its initial period, played an active role in consolidating friendship and cooperation between the people of China and the Soviet Union, in safeguarding the security of both countries and in maintaining peace in the Far East and throughout the world.

According to the Agreement on the Chinese Changchun Railway, Lushun and Dalian, the Soviet Government returned to China on December 31, 1952 all rights to the Chinese Changchun Railway, and in May 1955 Soviet troops withdrew from Lushun.

The Sino-Soviet Agreement on Grant of Credit to the PRC offered a loan of 300 million US dollars to be made available to China between 1950 and 1954. The Soviet Government also agreed to help China build or reconstruct 156 key enterprises in exchange for China's mineral, agricultural and light industrial products. During this period trade between China and the Soviet Union continued to expand, and Sino-Soviet cooperation and exchange in the fields of culture, art, science, education, mass media, sports and hygiene developed in earnest. Frequent exchange of visits put China and the Soviet Union on intimate terms. The Chinese people genuinely regarded the Soviet Union as their elder brother, appreciated the Soviet way of life and considered that the Soviet Union of today was China tomorrow.

But even at that time, China did not depend on or follow the Soviet Union blindly, but pursued a policy of standing on her own legs instead. The 156 major projects played a definite role in laying the foundation for industrialization. Although most of them were left uncompleted when the Soviet Union unilaterally cancelled her commitments in 1960, the Chinese people cherish to this day the many-sided support China had received from the Soviet Union in those days.

To safeguard her independence, New China put special emphasis on establishing friendly relations with neighbouring non-socialist countries. In the early 1950s China kept on good terms with India, which was among the first to establish diplomatic relations with the PRC. Premier Zhou Enlai visited India in June 1954 and again in December 1956 and Premier Jawaharlal Nehru paid a visit to China in October 1954. In April of the same year, the Chinese and Indian governments signed the Agreement on Trade and Communications Between the Tibet Region of China and India. In April 1955 the two governments issued a joint communique that handed back to China Tibetan post and telecommunications services hitherto run by Indian authorities. The transfer ceremony was held in Lhasa. Relations between the two countries developed healthily, only to be interrupted by the Sino-Indian border dispute which came to a head in 1962. Meanwhile, China had developed friendly relations with other neighbouring countries, such as Burma, Pakistan, Afghanistan and Nepal.

In the 51 years since the Sino-Japanese War of 1894-95, the Japanese militarists had many times launched wars of aggression against China, causing heavy loss of life and property to her. The Japanese people, too, suffered greatly in the imperialist wars staged by the militarists against other countries. After the founding of the PRC, Japan, like the United States, pursued a policy of hostility toward the People's Republic. The People's Government, however, made unremitting efforts to resume and develop Sino-Japanese relations by first promoting friendly people-to-people communications. In 1953 by order of the Chinese government, over thirty thousand Japanese residents in China were

repatriated on humanitarian grounds. Three years later, the Government pardoned 1,067 Japanese war criminals before their sentences expired. In April 1955 Chinese and Japanese fishing organizations signed an agreement on fishing in the Yellow and East China seas. In May the same year the Third Sino-Japanese Trade Agreement was concluded. This series of actions opened the way to friendly relations between the people of the two countries.

While working for normal diplomatic relations with other states, particularly for friendly ties with neighbouring countries, New China took an active part in international peace movements. On October 2 and 3, 1949, the China Conference for Defending World Peace was inaugurated in Beijing. The conference adopted a proclamation for the defence of world peace and elected Guo Moruo as its chairman. In November 1950 Guo Moruo led a Chinese delegation to the Second World Peace Congress held in Warsaw, and by November 16, the opening day of the congress, over 223.7 million Chinese people had signed the peace appeal, a mass action which spoke well for China's great determination to oppose war and defend world peace.

New China made serious efforts to take her lawful seat at the United Nations. China was one of the founding member states of the United Nations and a permanent member of the UN Security Council. Since early 1945 the Chinese Communist Party had strongly supported the founding of the world organization and the purposes and principles of the UN Charter. It appointed its own representative, Dong Biwu, as a member of the Chinese delegation to attend the United Nations Conference on International Organization which met at San Francisco from April 25 to June 26 1945. Dong Biwu, as such, affixed his signature to the Charter. After the founding of the Chinese People's Republic, Foreign Minister Zhou Enlai sent telegrams on November 15, 1949 to the United Nations Secretary-General Trygve Lie and the President of the United Nations General Assembly Carlos Romulo, declaring that China's rights in the United Nations should be exercised by representatives from the Central People's Government, the sole legitimate government of China, and that the

"Chinese National Government Delegation" had no right whatsoever to represent China. He demanded the immediate termination of all rights of this delegation to participate in the United Nations. On January 19, 1950 Foreign Minister Zhou Enlai notified the United Nations the appointment of Zhang Wentian as China's chief representative to the United Nations and the Security Council and demanded once again the immediate expulsion of the representatives of the Kuomintang regime from the United Nations and the Security Council.

The just demand of the Chinese government won the firm support of many friendly countries and international organizations. In May 1950 the Executive and Liaison Committee of the Universal Postal Union, meeting in Montreux, Switzerland, accepted the delegate from New China as the only legitimate representative of China and expelled the delegate of the Kuomintang regime from the Union. On May 24 Su Younong, as representative from the Chinese People's Government, took his seat at the Union meeting.

The United States, however, continued to back the Kuomintang delegates in the UN. Her obstructionist tactics to delay the restoration of China's right of representation in the UN made her position increasingly untenable. Meanwhile, New China's contacts and friendly exchanges with other countries were expanding. By the end of 1953 460 delegations from 72 countries and 10 international organizations had visited China, and in exchange China had sent 170 delegations to 20 countries. All these exchanges promoted mutual understanding and friendship between the Chinese people and peoples of other countries.

The signing of the Korean Armistice Agreement in July 1953 did little to improve Sino-American relations. The United States openly violated the agreement on the repatriation of prisoners of war and the holding of a political conference on the withdrawal of all foreign forces from Korea, thus obstructing the peaceful settlement of the Korean question.

The United States also attempted to expand the Indochinese War by openly providing French troops with military supplies and sending military personnel to have a direct hand in war

operations there. In April 1954 Premier Zhou Enlai headed a Chinese delegation to the Geneva Conference attended by the Soviet Union, the United States, Great Britain, France, China and a number of other countries. For the first time New China appeared on the world stage as one of the Big Fives. The Conference examined two questions: the peaceful settlement of the Korean question and restoration of peace in Indochina. Due to U.S. obstruction, no agreement was reached on the question of Korea. As for Indochina things were different. In May 1954 Vietnamese soldiers, effectively supported by the local population, wiped out some sixteen thousand French forces in Dien Bien Phu, a city in northwestern Viet Nam. This decisive victory changed the course of the Indochinese war. With the Chinese, Vietnamese and Soviet delegations standing firm on the principle of peaceful negotiation, a position strongly supported by most of the participating countries, the Conference eventually reached agreement on the conclusion of armistice and restoration of peace in Indochina. The eight-year-long war ended and international tension eased off to some extent.

The Five Principles of Peaceful Coexistence, which represented China's sincere desire for maintaining peaceful and friendly relations with other states, were first put forward in 1953 by Premier Zhou Enlai when meeting with a visiting Indian delegation for negotiations on relations between Indian and the Tibetan region of China. The five principles were: mutual respect for territorial integrity and sovereignty; mutual nonaggression; noninterference in each other's internal affairs; equality and mutual benefit; and peaceful coexistence. These principles were endorsed by the Indian side and formally incorporated into an agreement on trade and communications between the Tibetan region of China and India signed by the Chinese and Indian governments. In 1954 when Premier Zhou Enlai was invited to visit India and Burma, the premiers of China and India and the premiers of China and Burma reaffirmed in their respective joint communiques the five principles and pointed out that these principles should not only guide their mutual relations but also the international conduct of all states. Commenting on the Polish and

Hungarian incidents in 1956 when Soviet Union troops sent to the two countries, the Chinese Government, in a statement dated November 1 of the same year, stressed that relations between socialist countries should all the more be governed by the five principles of peaceful coexistence.

In the ensuing years New China established friendly and cooperative relations with many more Asian countries and the five principles continued to exert a profound and far-reaching influence on international affairs in Asia and the rest of the world.

In April 1955 Premier Zhou Enlai, accompanied by Chen Yi, headed a Chinese delegation to the first Asian-African Conference held in Bandung, Indonesia with 29 countries participating. It was the first time in history that Asian and African countries called a conference of their own without the participation of Western powers. The conference discussed five questions of common concern: economic cooperation, cultural cooperation, human rights and right to self-determination, problems of dependent peoples, and promotion of world peace and cooperation. The Chinese delegation's suggestion to leave aside differences in search of common ground met with general approval at the conference and led to the unanimous adoption of the Declaration on Promotion of World Peace and Cooperation and the Ten Principles of the Bandung Conference. These principles were:

1) Respect for fundamental human rights and for the purposes and principles embodied in the Charter of the United Nations.

2) Respect for the sovereignty and territorial integrity of all nations.

3) Recognition of the equality of all races and of all nations, large and small.

4) Abstention from intervention or interference in the internal affairs of other countries.

5) Respect for the right of each nation to defend itself, singly or collectively, in conformity with the Charter of the United Nations.

6) a. Abstention from the use of collective defence arrangements to serve the particular interests of any of the big powers.

b. Abstention by any country from exerting pressure on other countries.

7) Refrainment from acts or threats of aggression or the use of force against the territorial integrity or political independence of any country.

8) Settlement of all international disputes by peaceful means, such as negotiation, conciliation, arbitration or judicial settlement, as well as other peaceful means of the parties' own choice, in conformity with the Charter of the United Nations.

9) Promotion of mutual interests and cooperation.

10) Respect for justice and international obligations.

In fact, the ten principles were an extension of the five principles of peaceful coexistence initiated earlier. Despite imperialist obstruction and discordance between some participating countries, the spirit of solidarity among the Asian and African peoples and their readiness to oppose imperialism and colonialism and safeguard peace and friendship among people throughout the world found full expression at the conference, and later came to be lauded as the Spirit of Bandung.

The impact of the Bandung Conference went beyond Asia and Africa, for it opened a new way for international cooperation. The performance of the Chinese delegation headed by Zhou Enlai represented still another diplomatic victory on the part of New China.

The international activities in the early years of the People's Republic helped to create a peaceful international environment needed for economic reconstruction. They also played a positive role in safeguarding national independence, world peace and national development—a common cause shared by peoples of all countries. They marked a period during which New China's foreign policy began to take shape with the five principles of peaceful coexistence as its cornerstone.

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45. For a detailed account of the struggle against the Gao-Rao anti-Party alliance see *A Draft History of the Socialist Period in China*, pp. 195-207. See note 25.

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*One *mu* is one-sixth of an acre and one-fifteenth of a hectare.

**An "above-norm" project is a relatively large one in terms of investment. The investment norms vary from industry to industry, ranging from two to ten million yuan in heavy industries and three to five million yuan in light industries.

PART II

FULL-SCALE SOCIALIST DEVELOPMENT (JANUARY 1957-APRIL 1966)

1. Party Rectification and the Anti-Rightist Campaign

With establishment of a socialist system based on public ownership of the means of production the large-scale class struggle that had marked the revolutionary and land-reform periods came to an end and a new mode of domestic politics began. There was bound to be a small number of people still fundamentally hostile to socialism—those of the exploiting classes who refused to change—but the overwhelming majority of people were eager to get on with the task facing them: the building of an industrialized, culturally advanced socialist state. What conflicts of interest and ideology did arise were rarely problems at odds with socialism itself and could be addressed by adjustment and education. Many leaders, however, were slow to grasp the radical difference between contradictions within a fundamentally socialist state and the violent class contradictions of earlier periods and so often applied inappropriate measures to handle them.

Circumstances were complicated by international events at the time. In 1956 Khrushchev shocked the world with his fierce and sudden attack on Stalin and his line, causing a great deal of confusion in the international Communist movement. Imperialist forces took this opportunity to heighten their attacks on Communism. Meanwhile, baffled by the political-social upheavals in Poland and Hungary between the winter of 1956 and the spring of 1957, some people in China began to have apprehensions about the socialist system itself. At this point, antisocialist individuals in the cities and countryside lost no time in inciting workers and students to strike and peasants to withdraw from their newly formed cooperatives. Clearly, this political-ideological confusion called for an immediate and decisive solution.

The first step came on February 27, 1957, with Mao Zedong's speech entitled "On the Correct Handling of Contradictions Among the People,"[1] given at the eleventh session (enlarged) of the Supreme State Conference. Mao distinguished two forms of social contradiction facing the Chinese people at the time—that "between ourselves and the enemy" and that "among the people." Categorizing all classes, strata and social groups that approved of, supported and worked for the socialist cause as the people, Mao declared that because of the fundamental identity of their interests, contradictions among them were nonantagonistic in nature. Although such contradictions would inevitably arise, he declared, they could be resolved through the method of "unity-criticism-unity," which meant starting from a fundamental desire for unity, then bringing contradiction into the open through mutual criticism, which would in turn allow the people to arrive at a new level of unity. On the other hand, the Chairman grouped all forces that resisted or sabotaged the socialist cause into the category of enemy. Their contradictions with the people were antagonistic in character and therefore, they should come under people's dictatorship.

This speech marked the inauguration of the famous slogan "let a hundred flowers blossom, let a hundred schools of thought contend." This slogan called for increased variety and forms of expression in the arts and increased competition and boldness in scientific research and application. In politics Mao insisted that the relationship between the Communist Party and China's many democratic parties should be one of "long-term coexistence and mutual supervision." This meant that for an indefinitely long time to come, democratic parties would exist side by side with the Communist Party, supervising, and at the same time supervised by, the Party for the general benefit of the country's socialist development. In the area of national economy Mao urged that no social strata in cities or in the countryside be overlooked, that the interests of the state, the collective and the individual be well coordinated.

With the Soviet model of socialist development in mind, Mao said that, in striving for industrialization, China must not

mechanically follow the example of foreign countries. China, he emphasized, was a large agricultural country with a rural population accounting for over 80 percent of the total. In light of this, the relation between heavy industry, light industry and agriculture must be properly balanced with sufficient stress on light industry and agriculture.

The ideas and principles enunciated by Mao Zedong in this speech, including above all, his distinction between contradictions with the enemy and those within the ranks of the people were, and still are, of great theoretical and practical significance. Unfortunately, the Party leadership, including Mao himself, departed from this concept in later years, as we shall see in the discussion of the Anti-Rightist Campaign.

Much of Mao's speech was directed at revealing and solving problems existing between Party and non-Party members and between leaders and the rank and file. A good number of Party cadres, however, were slow to shake off the influence of feudalistic, nonproletarian thinking inherited from the past. Their bureaucratic behaviour, sometimes verging on coersion, alienated them from the ordinary people. By spring 1957, inspired by Mao's speech, the Central Committee launched a Party rectification movement to fight against bureaucratism, sectarianism and subjectivism, which were categorized as contradictions within the ranks of the people. Its April 27 circular, "Instructions Concerning the Rectification Movement," instructed Party committees at all levels to conscientiously examine their implementation of Party policies, review and improve their work and urge the rank and file to offer criticism and suggestions.

Beginning on May 1, 1957, all Party committees above the county level and Party organizations in the bigger industrial enterprises, universities, the mass media and publishing houses as well as institutions of culture, science and public health sponsored meetings for non-Party people to bring forward their criticisms and suggestions. Moved by this plea, many people made honest but supportive suggestions on specific policies as well as on the general work style of Party cadres. Trouble began, however, when a handful of bourgeois Rightists took advantage of this opportu-

nity to "speak out and air views in a big way," launching fierce attacks on the Party and the socialist system. Downplaying the achievements and progress in socialist transformation and reconstruction, these Rightists called Marxism "pure dogmatism" and defined the socialist system as the very source of the bureaucratism, sectarianism and subjectivism the Party leadership was trying to combat. The only solution, they claimed, was to change the socialist system, and some of them demanded that the government be run by different political parties in rotation to replace "a country monopolized by the Communist Party." Mass rallies were held in some areas. Meanwhile, part of the mass media took up these mistaken ideas, inciting students, workers and peasants to rise and fight against the Party and the People's Government. With the ensuing strikes by workers and students in select parts of the country, tension mounted.

The first attempt to call a halt to the confusion came with a *People's Daily* editorial on June 8, 1957, which called on Party organizations at all levels to prepare for a counterattack. Soon a large-scale anti-Rightist movement, spread through the country. The movement rightly criticized anti-socialist views, countered the Rightists' attack on socialism and in the process, promoted socialist education nationwide. However, the movement was overextended to censure many people whose well-meaning suggestions were entirely in keeping with the spirit of the Party's decision on the rectification movement. Contradictions which, according to Mao's definition, should have been dealt with as those within the ranks of the people were mishandled as contradictions between the people and the enemy. Consequently, overly repressive measures were taken against patriotic and socialist-minded intellectuals, government staff workers and students who had frankly spoken their minds. This costly mistake stemmed from an overestimation of the gravity of class struggle under new socialist conditions.

The movement against the Rightists started in June 1957 and lasted until July 1958. It was not until mid-1978, twenty years after the campaign, that the Party decided to review the cases of all those who had been labelled Rightists. The findings

revealed that over 97 percent of those people had been wrongly accused. Punishments had been extreme; many accused Rightists had lost their jobs or been sent to border regions for reform through physical labour. This amounted to a great loss not only for the many individuals involved but for the Party and the country as well.

2. Overfulfilment of the First-Year Plan (1953-57)

By the beginning of 1957, with the socialization of the national economic structure basically completed, China faced the challenge of lifting itself from historical poverty and backwardness within a fundamentally socialist state. The events of this decade—the completion of the First Five-Year Plan; the ideological contradictions within the Party and among cadres and intellectuals, which led to the Party Rectification Movement and the Anti-Rightist Campaign; the economic catastrophies brought on by the hasty moves for increased production and total communization of the countryside during the Great Leap Forward; and subsequent efforts at national readjustment and recovery—reflected the dedication, energy and immaturity of a young socialist nation in a crucial stage of experimentation and consolidation.

The First Five-Year Plan was a remarkable and crucial step in China's economic development. On the eve of Liberation China's poverty and backwardness were such that U.S. Secretary of State George C. Marshall grimly predicted that even a massive supply of U.S. aid could not rescue China from its economic crisis. China, one of the largest agricultural countries in the world, was importing much of her grain, and the textile industry, the most productive of her industries, ranked only fifth by world standards. In 1952 the total industrial and agricultural output was only slightly higher than that of the mid-1930s before the outbreak of the war of resistance against Japanese invasion.

Much progress was achieved in these five years by concen-

trating on industry and capital construction projects[2] in the early years of the Plan. By 1957, China produced 5.35 million tons of steel, and was able to supply 86 percent of her roll steel and 60 percent of her heavy machinery. New factories turned out equipment for metallurgical, mining and electrical power industries, airplanes, automobiles, all types of machine tools, high-grade alloy steel and important nonferrous metals, —a feat inconceivable in pre-Liberation China.

Efforts were made to rationalize the geographical distribution of industries across the country to offset the overconcentration of industrial establishments near the coastline, which was the outcome of imperialist economic encroachment in the old days. The new disposition of industry took much account of the local condition, such as the availability of technical skills and labour force. Thus by the end of 1957, the northeast industrial base centred around the Anshan Iron and Steel Complex was basically in place; industries in Shanghai and other coastal cities were strengthened and a spectrum of new industries and mines emerged in north and northwest China and the provinces of Henan and Hubei.

The number of technicians and engineers serving industry in 1957 totalled 175,000, three times that in 1952. China was able to design and build by herself complexes that turned out 1.5 million tons of iron and steel a year, coal mines with an annual yield of 2.4 million tons, synthetic ammonia plants with an annual yield of 75,000 tons, one million-kilowatt hydroelectric stations, 650,000-kilowatt thermal power plants and others.

By early 1957, privately-owned enterprises had been turned into state-capitalist or basically socialist ones, enabling them to play a greater part in the planned state economy.

Communication and transportation improved markedly during the five years. By 1957, 29,900 kilometres of railway were open to traffic, a 22 percent increase over 1952. Wuhan's huge Yangtze River bridge was completed two years ahead of schedule. The country was laced by 250,000 kilometres of highway, including the three new highways linking Tibet with Sichuan, Qinghai and Xinjiang across the Qinghai-Tibetan Plateau—an engineer-

ing feat accomplished under most trying conditions.

Progress in agriculture was slower but steady. Grain output reached 195 million tons in 1957, a 19 percent increase over 1952, while cotton output topped 1.6 million tons, 25.8 percent more than the 1952 figure. Agricultural cooperation facilitated large-scale water conservancy projects and improved fertilization. By 1957 over 1.45 million hectares had been added to the country's total irrigated area.

Education and the arts made considerable headway over these five years. College graduates in this period amounted to 280,000 as against 185,400 in the twenty years between 1928 and 1947. In 1957 enrollment in universities totalled 441,000; in secondary technical schools, 778,000; in secondary schools, 6.28 million; and in primary schools, 64.28 million. Health-care programmes were improved as well. In 1949 China had altogether 3,670 medical units serving the entire country, while in 1957 the country could boast a total of 122,954, of which 4,179 were hospitals. New Chinese films won acclaim in several international competitions, and Chinese swimmer Wu Chuanyu won the first gold medal for China in the 100-metre backstroke event at the First International Youth Friendship Games held in Bucharest in 1953.

In the developmental process a number of problems cropped up. Rash decisions to speed up development at a pace the nation could not afford resulted in a substantial waste of time, funds and supplies. The scale of capital construction was too big to be feasible; the number of state-employed workers and staff members increased too rapidly and production quotas were often set too high. In 1957 Premier Zhou Enlai and Vice-Premier Chen Yun tackled these problems by maintaining a balance between revenues and expenditures, credits and loans, and supply and demand, and at the same time cutting down the capital construction projects for 1957.

In February of the same year a nationwide effort was made to reduce the administrative expenses of government offices and enterprises, control increases in the state payroll, and overcome extravagance and waste. As a result of these timely measures, the

First Five-Year Plan was overfulfilled.

Figures for 1957 showed the changes that occurred during the First Five-Year Plan. Total output value for industry and agriculture combined came to 124.1 billion yuan, a 67.8 percent increase over 1952. Of this 70.4 billion came from industry, which scored a 129 percent increase over 1952, while 53.7 billion came from agriculture, which showed a 25 percent increase over 1952. The average annual increase in the five-year period was 18 percent in industry and 4.5 percent in agriculture. Workers in state enterprises got a 30.3 percent increase in wages and peasants' average income rose nearly 30 percent. Consumer spending in urban and rural areas increased 22.9 percent. The overfulfilment of the First Five-Year Plan laid a firm foundation for China's socialist development in the following years.

3. The Great Leap Forward and the Movement for People's Communes

The winter of 1957 and spring of 1958 was big time for China's peasant population. The overfulfilment of the First Five-Year Plan fired their enthusiasm, and plans for increased production were underway throughout the country, particularly large projects for irrigation system and manure collection. In a matter of months, the total area of irrigated land expanded by over 20 million hectares, more than the total increase in irrigated area in the eight years following Liberation. Industry boomed too; the gross output value in the first four months of 1958 increased by 26 percent over the same period in the previous year.

These were heady successes for the Party leadership, giving rise to false impressions of the nation's potential that were to prove highly harmful. In particular, the Party leadership developed an exaggerated sense of man's ability to conquer nature, which, in turn, encouraged it to set impossible tasks to accomplish at miraculous speed. It held that in view of the "heaven-storming zeal" of the masses, the "normal growth rate" in the First Five-

Year Plan period could and should be surpassed, and the time had come for a "great leap forward."

In September 1957, during the Third Plenary Session of the Eighth Party Central Committee, Mao Zedong criticized other Party leaders for having opposed the excessive expansion of capital construction in 1956, and pointed out the need for combatting Rightist conservatism. In the spring of 1958 he repeated the same criticism and blamed the opposition for having dampened the enthusiasm of China's 600 million people for socialist progress. A "Left" tendency to take reckless measures rose in the wake of Mao's criticisms, a tendency that culminated a few months later in the launching of the Great Leap Forward.

In May 1958 the Second Session of the Eighth Party Congress was held in Beijing. Largely under the direction of Mao Zedong, the session proclaimed that the major contradiction in Chinese society was still one between two classes—the proletariat and the bourgeoisie—and their respective ideologies—socialism and capitalism. This was a complete reversal of the analysis of the Eighth Party Congress in September 1956, which had defined the main contradiction as one between the advanced socialist system and the backward productive forces of society. This reversal, coming in the aftermath of the Anti-Rightist Movement, was an exaggeration of class contradictions and led to disastrous consequences, for in effect it denied the necessity of shifting the focus of Party activity to economic reconstruction and provided the theoretical basis for the excesses in class struggle in subsequent years.

The General Line adopted at the session was a slogan of Mao's: "Go all out, aim high, and achieve greater, faster, better and more economical results in the building of socialism." The line had its positive aspects in the sense that it reflected the people's eagerness to change the country's backward economic and cultural status. However, neglecting the reality of objective laws of economic development, it placed too much emphasis on man's own initiative. With this General Line, the Great Leap Forward went into full swing.

To put it in a nutshell, the Great Leap Forward represented

a single-minded pursuit of unattainable targets in industry and agriculture. For instance, the 6.1 percent growth rate in the nation's total agricultural output originally targeted for 1958 was raised to 16.8 percent. In industry a 10 percent target was raised to 33 percent. The situation reached even more preposterous proportions in the targets for iron and steel production—to double the 1957 output of 5.35 million tons to 10.7 million tons.

The most radical move for socioeconomic and political reorganization came with the decision to turn the agricultural cooperatives into "people's communes." The process began with the large-scale undertaking of irrigation projects, some of which exceeded the boundaries of cooperatives, townships and even counties. Mao Zedong mistook this as a sign that the coops, as a rural economic organization, had become an obstacle to the growth of productive forces and recommended mergers. The commune system, he claimed, meant a higher level of public ownership on a bigger scale than the agricultural cooperatives. Furthermore, workers, students, peasants, merchants and soldiers would be thrown together in a compact community under unified leadership, thereby allowing the best possible use of the skills of each element of society. With this encouragement from the Chairman, the movement to form people's communes gained momentum. The rural population was left to set fabulous targets with slogans like "We can make the land produce as much as we dare produce." Commune and regional administrators, hesitant to change such unreal targets for fear of being labelled as conservatives, had to table bloated figures for crop yields. National and local newspapers propagated these exaggerations by playing up examples of incredibly high-yield farms. Furthermore, some irrigation projects were irrationally designed and caused waste of natural resources.

In August 1958 an enlarged meeting of the Party's Political Bureau was held to assess the progress of the Great Leap. Misguided by the exaggerated reports of the time, the meeting concluded that agricultural production would "increase by a wide margin," putting targets for grain output in 1958 at 300 to 350 million tons, a 60 to 90 percent increase over 1957. Cotton

production was expected to double that of 1957, reaching a total of 3.5 million tons. On the question of the people's communes, the meeting held that they were the best organizational form for a transition to communism, which, they insisted, was not far off. However, the meeting did point out that communes should not be too hasty in changing the collective ownership of the means of production into ownership by the whole people (state ownership) and that they should keep to a policy of income distribution appropriate to the socialist, and not to the communist stage, that is, "to each according to his work."

Elated over the prospects in agriculture, the meeting decided that the focus of the Great Leap should now shift to industry. It formally announced the 1958 steel production quota of 10.7 million tons, setting into motion a fantastic movement to popularize the steel industry through what was called "backyard furnaces." The entire nation threw itself into the search for steel, digging up old pieces of metal and sacrificing their private cooking utensils and farming equipment. By the end of September 50 million people throughout the nation were engaged in the production of iron and steel, working over several million small furnaces. Agriculture and light industry were severely neglected as the entire nation dedicated itself to steel making. The results, however, were more than disappointing. Even with these sacrifices of tremendous amounts of property, manpower, money and time, the 1958 output of steel meeting national standards reached only 8 million tons.

In the countryside people's communes mushroomed, and by August of 1958 99 percent of all peasant households of all nationalities throughout the countryside had joined communes totaling 26,000. Unforeseen complications sprang up immediately with the birth of these unwieldy structures. The distinction between ownership of the means of production by the whole people and ownership by the collective, so clear in theory, was clouded in fact, as was the line between socialism and communism. With the commune acting as the income distributor, rich and poor work teams were, in essence, equalized. The commune administration had the power to assign commune members work without

pay and could use labour, funds, land and other property without compensation. Free markets were abolished, the need for commodity production was denied, and private plots were appropriated by the collective. With the establishment of public dining halls, where one could have free meals, grain was no longer distributed to peasant households but to the dining halls directly. Perhaps the most wasteful mistake of commune organization was the abandonment of the responsibility system. Labour discipline slackened as a direct result, and the enthusiasm of commune members, so high at first, began to wane.

Though 1958 produced bumper harvests, the crops left for the producers were consumed within a short time. By the fall of 1958 the country was suffering serious disproportions in the national economy, a lack of market supplies, and a mood of national confusion and dissatisfaction.

4. Reappraisal: Cooling the Fires of the Great Leap Forward

By the fall of 1958 Mao Zedong and other leading officials, who had made inspection tours of urban and rural areas, were becoming increasingly aware of the problems resulting from the overzealous "Left" policies of the Great Leap Forward and the people's communes. From November 1958 to July 1959 these problems were studied at enlarged sessions of the Political Bureau and plenary sessions of the Central Committee. Specifically, discussion centred on the following theoretical and practical issues: the dividing line between socialism and communism, the proper handling of commodity production, the speed at which socialist production could reasonably be expected to grow, the maintenance of an equilibrium in the national planned economy, and the three-level ownership system in the communes. The overall effect of these meetings was to rein in the runaway movement for communization and higher production that characterized the Great Leap.

From November 2 to 10, 1958, a mere three months after the climactic affirmation of the Great Leap Forward at the Political Bureau's Beidaihe meeting in August, Mao Zedong called central and local leaders in the Party to Zhengzhou in Henan Province to draft the Resolution on Certain Questions Concerning the People's Communes. This draft, prepared for and passed by the Sixth Plenary Session of the Eighth Central Committee, meeting in Wuchang from November 28 to December 10, was important both for what it did and did not address.

Of primary importance was the clarification of the division between socialism and communism and between collective ownership and ownership by the whole people (state ownership). As the resolution said, even if the commune system should change from collective ownership to ownership by the whole people sometime in the future, this would still be a form of socialist, not communist, ownership. As things stood in China then, the resolution said the transition from collective ownership to ownership by the whole people would require quite a long time, certainly not the three to six years envisioned in wild optimism by the Beidaihe meeting, and the transition from socialism to communism a longer time still. At China's current stage of socialism, income should still be distributed on the basis of the principle of "to each according to his work."

The rationale behind these statements was complicated but crucial. As the resolution went on to point out, both the transition from collective ownership to state ownership and the transition from socialism to communism must be based on a given level of development of the productive forces. Without a necessary rise in production, any declaration that China had established ownership by the whole people or was on the verge of entry into the communist stage was not scientific but utopian communism, a vulgarization of the great goals of communism. The resolution explained that utopian concepts of communism were based in fact on petit-bourgeois egalitarianism, that is, equalization on the scale of the small producer who is unable to perceive the larger productive potential of the collective and the state. These tendencies had to be firmly checked if China were to avoid the mistake

of jumping into communism by skipping the socialist stage.

A second urgent issue addressed by the resolution was the problem of commodity production, that is the production of goods not for the peasants' own consumption but for commercial exchange. Instead of seeing commodity production as a form of capitalism, Mao pointed out at the Zhengzhou meeting that to ban commodity production amounted quite simply to the expropriation of peasant labour. While people's communes should be asked to produce enough grain to meet their own needs, they should also produce more in the way of commodities, and these commodities should be exchanged among communes and with the state according to the law of value.[3]

It was becoming increasingly obvious by the time of the Sixth Plenum that the Beidaihe meeting had grossly overestimated the speed at which socialist development could proceed. This had led to the setting of impossibly high production targets, such as the steel target for 1959, which the Beidaihe meeting had set at 27 to 30 million tons. The Sixth Plenum lowered the target to 18 to 20 million tons, and a few other industrial targets were lowered as well, but many believed that all these targets were still too high. More importantly, equally high targets in agriculture remained untouched, such as the grain target for 1959, set at 525 million tons, and the cotton target at 5 million tons.

However, to the great relief of China's peasants, it was explicitly stated in the resolution that all their personal property, including houses, clothing, bedding, furniture and deposits in banks and credit coops, belonged to them and that all trees on family plots, small-scale farming equipment, draught animals and poultry were to remain in the hands of the individual commune members.

As an overall attempt at reappraisal of the people's communes and the Great Leap, the resolution was a promising beginning, but it failed to address one of the most complicated and sensitive issues at hand, the question of the proper accounting unit in the three-level ownership system for the communes. As we shall see, this question, which had the most direct effect on the lives of the peasants, was to take a great deal more discussion

before it was satisfactorily solved. The resolution also failed to address the general problem of what was called the "communist wind." The most classic example of this was the institution of public dining halls in the communes. The members were virtually forced to eat there, for rice was allotted not to families but to the halls directly.

At the close of the Sixth Plenary Session work began throughout the country to consolidate the people's communes in accordance with the session's resolution. In the process an acute contradiction was discovered between commune administrations and commune members over the minimized output figures submitted by the production teams. On February 21, 1959, Mao Zedong stepped in to criticize the commune authorities haggling with the peasant producers, pointing out that the peasants' reluctance to provide the administration with accurate figures stemmed from their fears of egalitarian practices in the distribution of income. Mao repeated that equalizing rich and poor teams was entirely unjustified and meant, in effect, robbery of the peasants.

With the discovery of this contradiction came the need to address the question of the proper accounting unit in the three-level ownership system of the communes. At the second Zhengzhou meeting of the Political Bureau, held from February 27 to March 5, 1959, it was remarked that the present ownership system in the communes blurred the distinctions between the three levels of the commune structure—the team, the brigade and the commune administration. The meeting drafted the Regulation on Managerial Structures in the People's Communes as a first attempt to clarify the problem, placing the accounting unit, that is, the unit responsible for the distribution of income, at the level of the brigade, equivalent to the advanced coops before the formation of people's communes.

From March 25 to April 1, 1959, the Political Bureau of the Party Central Committee held an enlarged meeting in Shanghai to prepare for the Seventh Party Plenum. This meeting adopted the Eighteen Questions Concerning the People's Communes, a document attempting to further clarify the question of the three-level ownership system in the communes. The paper made further

headway in clarifying the commune system in the sense that, while it continued to take the brigade as the basic accounting unit, it was ruled that the production team be given certain rights of ownership and managerial powers when contracting production targets from the brigade.

Mao Zedong addressed a second problem of commune management when he announced that all property that had been requisitioned from commune members by the commune administrations without proper compensation must be returned in full. He stressed that, unless this was done, the peasants would remain disgruntled.

In the following months continued efforts at readjustment were made at meetings of the Party Central Committee and the National People's Congress. The steel target for 1959 was further lowered from 18 million to 16.5 million tons, and the coal target, from 420 million to 380 million tons. Mao Zedong made a speech urging people to raise dissenting opinions to help the Party correct mistakes.

Despite these efforts, problems in the economy continued to surface. By mid-1959 enthusiasm was lagging as peasants faced increasing difficulties in meeting their everyday needs. By early May it had become apparent to the Central Committee that the excessively high grain targets and the overemphasis on heavy industry, characterized by the slogan "Take steel as the key link," were causing dangerous imbalances in the national economy. Though the quantity of production was rising, the quality was dropping, meaning that while the gross national output increased, the actual value of commodities was going down. Heavy machinery was produced without the spare parts or accessories to put it into operation. Both energy and raw materials were in shortage, and there was fierce competition among state enterprises to get a share of the scant supplies. An excessive issue of money caused inflation, and shortages of commodities were making life increasingly difficult for the urban and rural populations alike.

On May 7 the Party Central Committee issued "Five Emergency Instructions on Agriculture," which announced among other things the restoration of private plots to commune members

and encouraged the raising of livestock and the cultivation of small strips of idle land around peasants' homes for production that would not be subject to taxation. In industry Chen Yun was put in charge of investigation and readjustment. His first proposal was to cut back drastically on the scale of capital construction and to lower still further the steel target from 16.5 to 13 million tons and the coal target from 380 to 340 million tons.

The sincere efforts made by Mao Zedong and the Party Central Committee to correct mistakes eased the economic strain to some extent. But as the measures adopted were premised on the affirmation of the correctness of the Great Leap Forward and the people's commune movement, the "Left" guidelines could not be rectified at the base.

During the Sixth Plenum in 1958 Mao Zedong expressed the hope that he would not be considered as a candidate for Chairman of the People's Republic at the next National People's Congress so that he could devote more time to the study of theories and policies. The First Session of the Second National People's Congress, held in Beijing from April 18 to 28, 1959, elected Liu Shaoqi Chairman of the People's Republic and Soong Qing Ling and Dong Biwu Vice-Chairmen. Zhu De was elected Chairman of the NPC Standing Committee, while Zhou Enlai was reappointed Premier of the State Council. The Chinese People's Political Consultative Conference, which met simultaneously with the NPC, elected Mao Zedong Honourary Chairman and Zhou Enlai Chairman of its National Committee.

5. The Attack on Peng Dehuai and Its Consequences

On July 2, 1959, the Political Bureau of the Central Committee held an enlarged meeting in Lushan to review the progress of economic reconstruction since 1958 and continue correction of "Left" errors. Opening the meeting, Mao summarized the experience of the Great-Leap years, saying, "The achievements are

great, the problems are many, and the future is bright." He stressed that the order of priority for national economic development was, first, agriculture, second, light industry and, finally, heavy industry. A reversal of these priorities or a neglect of the need for overall economic equilibrium must be guarded against. As an example, Mao pointed out that the four main targets —steel, coal, grain and cotton—remained too high.

From July 3 to 10 the session broke into small groups for the discussion of specific problems. Peng Dehuai, then Political Bureau member, Vice-Chairman of the Military Commission, Vice-Premier and Minister of Defence, sat in the Northwest China group, where he raised a number of points on national planning and Party work. He questioned the correctness of the policy to "take steel as the key link" and warned against "Left" tendencies: "When 'Left' tendencies appear, they silence all, and no one dares speak up." Peng went on to point out a problem in the work methods involved in the establishment of people's communes: "In [guidelines for] work methods for Party cadres, it is urged that we should do everything through experiments, but eating without paying (in public dining halls) has not been previously experimented with.... The advantages of the advanced coops had only just begun to appear, but we started in on the communes, also without experimentation."

On July 10 Mao Zedong gave a speech insisting that the gains of the Great Leap Forward outweighed the losses, "as nine fingers to one." But earlier that year, Peng Dehuai had himself been on inspection tours to rural areas and acquired firsthand information on the gravity of the situation. On the night of July 13 he sat down to write a private memorandum to Mao Zedong.

Peng's overall appraisal of the situation was positive: "The achievements of the Great Leap Forward in 1958 are indisputable.... In particular, the Great Leap Forward has basically proved the correctness of the General Line for building socialism with greater, quicker, better and more economical results in a country like ours.... Not only is this a great success for China, it will also play a long-term positive role in the Socialist Camp."[4]

Peng then went on to discuss problems with the Great Leap as he saw them. The first question was the overemphasis on capital construction in state planning. "Because we did not have a deep enough understanding, we came to be aware of [this problem] too late.... As a result, imbalances were not corrected in time, and new, temporary difficulties cropped up." Peng said that the projects being undertaken "are after all needed in national construction. They will gradually—in one or two years or a little longer—bring us returns." He warned, however, that "the outstanding contradiction confronting us in construction is the tension in various fields caused by disproportions. Such a development has in essence affected the relationship between workers and peasants and between the various strata in the cities and the rural areas. Thus the contradiction takes on a political nature. It is the key link which affects our mobilization of the masses of people for continuing the leap forward."

After praising the progress of the people's communes and successes in solving the problem of urban unemployment, Peng asked how the session should regard the overall experience of the past year. Taking into account external factors such as lack of experience and the international situation, Peng concentrated on the Party's mistakes, which he felt were his responsibility to address. The first of these was the tendency to "boast and exaggerate on a fairly extensive scale." This made accurate planning all the more difficult and encouraged extravagance and waste. "Though we were poor, we lived as if we were rich."

The second and more serious problem was that of "petit-bourgeois fanaticism, which makes us vulnerable to 'Left' errors." He elaborated: "In our way of thinking we have often muddled the relationship between strategic goals and concrete measures, between long-term principles and immediate steps, between the whole situation and part of it.... By so doing, we divorced ourselves from reality and lost the support of the masses." Peng then urged the session to unite and review the experience of the Great Leap under the guidance of the slogan "seeking truth from facts," which had so long been the Party's greatest strength. "Particularly

because of the recent meetings, most comrades within the Party basically hold the same view.... So long as the whole Party is united and works hard, the conditions for continuing the leap forward are present.... Hence our great achievements and bright future."

In hindsight Peng's letter seems mild in tone and positive in approach. Indeed, his suggestions and criticisms did not differ in essence from the general approach at the series of meetings held by the Party leadership in late 1958 and the first half of 1959. Mao Zedong's reaction, however, was sudden and bewildering. On July 16 Mao had Peng's letter printed as "A Statement of the Views of Comrade Peng Dehuai" and distributed to all participants in the meeting for discussion, only to discover that a good number of them shared his views, some with specific reservations on one point or another. A minority took a clear stand against Peng's general appraisal.

The first to actively support Peng's analysis was Huang Kecheng,[5] who on July 17 spoke in a group discussion on the proper appraisal of the people's communes. Emphasizing the issue of timing, he pointed out that the people's communes need not have been undertaken quite so early, but he agreed with Peng that, "though in the short run the nation might be in a more advantageous situation now had we not set up the communes, in the long run the advantages of setting up people's communes are undeniable."

On July 19 Zhou Xiaozhou[6] voiced his agreement with Peng by pointing out that "though the Lushan meeting must take a positive view of the achievements of the Great Leap Forward and the people's communes, at this meeting of high cadres we must emphasize the lessons to be learned." Then on July 21 Zhang Wentian[7] added his unequivocal support for Peng Dehuai's views with a detailed analysis of the achievements and mistakes in the Great Leap Forward.

On July 23 Mao Zedong took the floor at a general meeting, announcing, "We are sandwiched between attacks within the Party and from outside." Zeroing in on Peng, he claimed, "Peng

Dehuai has manifested the vacillation typical of the bourgeoisie and thrown himself on the brink of being a Rightist." After Mao's speech the meeting began to denounce Peng Dehuai, Huang Kecheng, Zhang Wentian and Zhou Xiaozhou.

The Eighth Plenary Session of the Eighth Central Committee of the Party was held immediately afterwards, from August 2 to 16, 1959. The session adopted on August 16 two resolutions, Resolution on the Mistakes of the Anti-Party Clique Headed by Comrade Peng Dehuai and Resolution on Defending the Party's General Line and Struggling Against Right Opportunism, which defined Peng's letter and his remarks at group discussions as a "frantic attack on the Party's General Line the Party Central Committee and the leadership of Comrade Mao Zedong." Peng, Huang, Zhang and Zhou were removed from their administrative posts immediately.

In retrospect this attack on Peng and his supporters seems entirely misdirected. Peng's private memorandum to Mao Zedong and the open discussion by Peng, Huang, Zhang and Zhou at group meetings were entirely normal and in keeping with the principles defined by the Party Constitution. The struggle conducted against them violated the norms for inner-Party political life, affected the exercise of democracy at all levels, increased Mao Zedong's arbitrariness, and encouraged the personality cult. By defining ideological differences within the Party in class terms as a struggle between the bourgeois and the proletarian line, the Lushan meetings gave rise to a misunderstanding of the nature of contradictions in socialist society that was to have disastrous consequences not only in the direct aftermath of these meetings but in the chaos of the "cultural revolution." Furthermore, as history has shown us, many of Peng's suggestions were entirely correct. This political struggle delayed any serious consideration of economic issues for another year, and brought the country to the hardest times it was to experience in its post-Liberation history.

6. Hard Times and Economic Readjustment

With the repudiation of Peng Dehuai and the launching of a nationwide movement against Right deviationism, all serious analysis of the national economic situation screeched to a halt. Local and central leaders who had in one way or another expressed doubts about current policies were labelled Right opportunists and criticized for opposition to the Three Red Banners —the General Line for building socialism, the Great Leap, and the people's communes. With the silencing of these more realistic voices, the country plunged forward with the "Left" programme with renewed vigour, the slogan of the time being "Oppose Right deviation, heighten popular enthusiasm, and press on with the Great Leap Forward."

"Left" mistakes took familiar forms. Many capital construction projects that had been curtailed during the reappraisals of the past year were again set in motion and investment in capital construction reached 34.4 billion yuan, an increase of 7.7 billion yuan over 1958. The rate of accumulation, that is, the percentage of the total budget set aside for state use in civil and defence construction, increased to 43.8 percent, a truly big jump compared with standard rate of about 25 percent. The number of people on the state payroll shot up from 40.25 million to 45.61 million; in some places urban communes, after the model of the rural ones, were established and many housewives entered the work force. In industry, the target for steel production was raised to 18.4 million tons. As for the free public dining halls and payment in kind in the rural communes, the Central Committee, in its December 1959 comment on a report, stated that the halls were the focal point of sharp class struggle in the countryside, and that the question of running public dining halls or not should well be considered from the angle of class struggle.

The first signs of the impending disaster appeared in agriculture. The Party leadership estimated that the transition in the people's communes from ownership by the production brigades to ownership by the whole commune would be completed in eight years. Again, the peasants' private plots restored barely a year

earlier were abolished and the raising of private livestock was stopped. These mistakes, coupled with serious natural disasters, caused sharp drops in production. The 1959 grain output, estimated at 270 million tons, reached a mere 170 million tons, and in 1960 dropped to 143.5 million tons, only slightly higher than the 1951 figure. The 1960 cotton production fell to 1.05 million tons, which was lower than that of 1952. Though industry met many of its quotas in 1960, with steel production at 18.66 million tons and coal totalling 397 million tons, it was achieved at the expense of agricultural and light industrial production. Without the parallel growth of these two branches of the economy, the gains in heavy industry could not last. In the following year steel output only totalled 8.7 million tons, a drop of almost 10 million tons in a year's time.

Financially, the nation also faced serious difficulties. Deficits incurred from 1958 to 1960 reached 16.9 billion yuan. Between 1957 and 1960 the Government had put an additional 4.3 billion yuan in circulation to fill the need for cash. The impact of the resulting inflation was sharp and immediate. With shortages of goods in state-owned stores, prices on the free market went up five to ten times over state-controlled levels. To make matters worse, China's population over the four years from 1957 to 1960 had increased by 16 million. This put further pressure on the already strained state payroll and urban granaries. Food was strictly rationed in all state institutions, while a shortage of grain was felt in many areas of the countryside.

While the difficulties were caused mainly by the "Left" guidelines in economic work, it is also true that natural disasters aggravated the situation. The area of land affected by the disasters and the drops in grain production during 1959-61 were as follows:

Year	1959	1960	1961
Area affected (hectares)	over 13 million	over 21 million	over 24 million
Drop in grain production (tons)	over 10 million	over 15 million	over 20 million

It was at this moment that Soviet leaders chose to exert the greatest political and economic pressure on China since the beginning of the cooperation between the two countries. In July 1958 the Soviet Government had suggested the building of a joint naval force with China as a way to impose military control on China. When the Chinese Government turned down the suggestion, the Soviets began to take steps that seriously undermined Sino-Soviet relations. In June 1959 the Soviets unilaterally scrapped the Agreement Concerning New Technology for National Defence signed by the two governments in October 1957. The Soviet Communist Party delegation headed by N.S. Khrushchev launched a massive attack on the CPC at the conference of representatives of Communist and Workers' parties of socialist countries held in Bucharest in June 1960. In July of the same year, without prior consultation with the Chinese, the Soviet Government made the decision to recall the 1,390 experts working in China and terminated 343 contracts for the service of Soviet experts and 257 projects of scientific and technical cooperation. Turning a deaf ear to Chinese protest, the Soviet Government ordered their experts to take back with them all blue prints and technical data, leaving large numbers of construction projects uncompleted and uncompletable on schedule. The effects on China's industrialization at the time were extremely damaging.

Thus, a combination of "Left" errors in guidelines for economic administration, severe natural calamities, and political and economic pressures from the Soviet Government brought the People's Republic to the most difficult period in its history. By the summer of 1960 the Party and the Government were fully aware of the gravity of the domestic situation. At a meeting of the Central Committee of the CPC from July 5 to August 10 it was announced that the new guidelines for the nation's economy were "readjustment, consolidation, filling out and raising standards."[8] The key word for this period was balance: a balance must be struck between agriculture, light industry and heavy industry, between the means of production and the means of consumption, and between accumulation and consumption. These

guiding principles represented, at last, an accurate analysis of the domestic situation and set the national economy on the road to recovery.

The economic readjustment began with agriculture. In November 1960, under the direction of Zhou Enlai, the Party began work on new directives on the people's communes. It was specified that the three-level ownership system with the production brigade as the basic accounting unit would not advance to a higher degree of collectivization for at least seven years, starting from 1961. In an effort to correct the "communist wind" it was stated that all property appropriated from the peasants was to be returned to its rightful owners immediately. Commune members were once again allowed to cultivate small private plots and undertake household sideline production. To further liven up the rural economy, free markets were restored. These measures were affirmed in January 1961 at the Ninth Plenum of the Eighth Central Committee in Beijing, which gave agriculture the first priority and urged all other sectors of the economy to support agricultural rehabilitation. To cut down the state payroll and increase labour power in the countryside, five million state workers were sent there to take part in agricultural production.

After the Ninth Plenum, in March Mao Zedong initiated a set of draft regulations on the performance of people's communes, pointing out that the major problem in the communes was egalitarianism in income distribution between the teams within a brigade and between the individuals within a team.

In May and June of 1961, the Party Central Committee at a working conference adopted a set of new regulations for rural people's communes, which cancelled payment in kind and called a halt to the public dining halls. However, the problem of taking the brigade as the commune's basic accounting unit had yet to be solved. In September of that year Mao Zedong wrote a letter to members of the Standing Committee of the Political Bureau, pointing out that the current system of the brigades' contracting production quotas and allotting bonuses to the teams did little to overcome the egalitarian tendency at base. In Mao's words, "We have been confused for six years. It is time we wake up in the

seventh." In his opinion the only solution was to move the basic accounting unit to the level of the production team. Finally, after five months of study and investigation, in February 1962 the Party Central Committee issued the Directives on the Question of Changing the Basic Accounting Unit in the Rural People's Communes, specifying that in general, the team was to have full power to manage its production and income distribution.

Along with these readjustments in agricultural policy, China's first management regulations for industrial enterprises—Regulations for Work Concerning State-Run Industrial Enterprises—were articulated under the direction of Deng Xiaoping and Bo Yibo in August-September, 1961. According to this document, state-run industrial enterprises referred to those that were under socialist ownership by the whole people, and their task was to fulfil the state plan. The regulations introduced a responsibility system to be applied to the entire personnel, from the director of the plant down to the workers on the production line. Economic efficiency was emphasized and factories must be held accountable for their own budgets. The salary scale of workers and managerial staff in industrial enterprises was to be based on each individual's performance, instead of being determined according to the principle of egalitarianism. Furthermore, each enterprise should hold regular congresses of workers and staff, thereby involving them in management and supervision. Similar documents were drawn up for commercial, handicraft, scientific research, educational, and cultural establishments.

By mid-1961 progress in rural areas was already in sight, but readjustment in industry was not proceeding smoothly. Resistance to the correction of "Left" errors came from cadres at all levels. They were fearful of being accused of siding with "the Right deviationists who opposed the Three Red Banners." Their misgivings indicated that there was a need for clarifying the Party members' thinking on China's policy of development. Eager to address these problems, the Party Central Committee held, from January 11 to February 7, an enlarged work conference attended by seven thousand cadres, including Party cadres from county level up, directors of major factories and mines throughout the

country, and representatives from the PLA. Liu Shaoqi gave a written report summarizing once more the errors of the "Left" guidelines. He attributed these mistakes to the Party's inexperience and lack of modesty and prudence, the responsibility for which lay primarily at the central level and, to some extent, at the provincial level, but not at the grass roots.

On January 29 and 30 Mao Zedong delivered a speech clarifying the relation between democracy and centralism. He pointed out that the relationship was dialectic, that without a high degree of democracy it would be impossible to attain a high degree of centralism which, in turn, would hold back the advance toward a high level of socialism. Mao went on to discuss the objective laws of socialist reconstruction, of which, he said, the Party and the country were still largely ignorant, and because of this, the Party must be ready to suffer many defeats and setbacks before it could acquire the experience necessary for winning final victory. Finally, Mao took upon himself the primary responsibility for the shortcomings and errors committed over the past few years. First of all, he said, the Central Committee ought to be held responsible, and as he was in charge of the work of the Central Committee he should take principal responsibility. Following Mao's self-criticism, Liu Shaoqi, Zhou Enlai and Deng Xiaoping made speeches, each taking his share of the responsibility for the mistakes. After the conference the Party decided in April 1962 to reinstate the majority of the cadres criticized during the campaign against Right deviation, though the unjust attack on Marshal Peng Dehuai, which triggered off the campaign, was not brought up at the conference.

With this turnaround, economic recovery began. At an enlarged meeting of the Standing Committee of the Political Bureau in February it was decided to reestablish the Central Group for Financial and Economic Work, of which Chen Yun had been and was once again nominated head. Then on May 26 basic measures for readjustment put forth by this group were approved by the Central Committee, as follows:

1) To lighten the burden on urban economy, by June 1963 the urban population was to be cut by 26 million, with more than

18.87 million cut from the state payroll.

2) Further cuts were to be made in investment in capital construction. By 1962 the nation had only 6.7 billion yuan tied up in capital construction projects, a drop of 31.7 billion yuan from the 1960 figure. This was reflected in a drop in the rate of accumulation from 39.6 percent in 1960 to 10.4 percent in 1962.

3) In an effort to deemphasize heavy industry, it was decided to close down, stop temporarily, merge or reorient industrial plants according to local and national needs. The 1962 targets for steel and coal were lowered from 18.66 million and 397 million tons in 1960 to 6.67 million and 220 million tons respectively. At the same time, production of badly needed industrial products such as chemical fibres, plastics and detergents and sophisticated technology for national defence increased, the most successful example being the Daqing Oil Field, Heilongjiang Province, Northeast China. The oil field, opened up by Chinese workers and engineers in the spirit of self-reliance, was instrumental in pushing up China's petroleum production to 6.48 million tons in 1963, which put an end to the country's dependence on imported oil.

4) In agriculture, with the urban workers who had come from the countryside returning to their farm jobs and the halt on labour-consuming projects in water conservancy, the agricultural work force increased from 170.19 million in 1960 to 212.78 million in 1962. Fulfilling its policy of support for agriculture, the state cut its grain purchase figures by 10.7 million tons in 1962 as compared with 1960, and made up for the difference by importing 8.35 million tons of grain in 1961-62. The state further raised its purchasing price for grain by 25 percent and made sure to supply agriculture with the timber, steel, fertilizers and insecticides it so badly needed.

5) To stabilize the market and eliminate government deficit, warehouses throughout the country were emptied of their stocks. On the recommendation of Chen Yun, these goods were divided into two types: the eighteen basic necessities, such as grain, salt and edible oil, which remained at their original price levels, and luxury goods—candies, bicycles, watches, etc.—which were sold at higher prices. With these measures, six billion yuan

had been withdrawn from the market by 1962, and the state finally registered a balanced budget with a surplus of 0.83 billion yuan.

Through economic readjustment, a balance was achieved between different sectors of the economy, removing the lopsided stress on heavy industry. The following table shows the changes in the ratio between agriculture, light industry and heavy industry in terms of output value:

Year	*Agriculture*	*Light Industry*	*Heavy Industry*
1960	21.8%	26.1%	52.1%
1965	37.3%	32.3%	30.4%

Grain production reached 194.5 million tons in 1965, 35.5 percent over 1960, while cotton exceeded 2.09 million tons, 98 percent over 1960. Steel production, which had reached 18.66 million tons in 1960 but dropped to 8.7 million tons in 1961, rose to 12.23 tons in 1965. Particularly noteworthy was the expansion of petroleum production. Following the opening of the Daqing Oil Field in 1960, more oil fields were discovered in Shandong, Hebei and Liaoning provinces, so that the combined output reached 11.31 million tons in 1965, making China an oil-exporting country. On October 16, 1964, China exploded its first atom bomb. Furthermore, with no foreign aid whatsoever, China had paid back the large debt it owed to the Soviet Union, incurred mainly during the War to Resist U.S. Aggression and Aid Korea. Out of an original debt of 1.406 billion new roubles, including interest due, China had paid off by 1964 a total of 1.389 billion roubles. The balance was paid in 1965 ahead of schedule.

By December 1964, at the First Session of the Third National People's Congress, Premier Zhou Enlai could proudly announce that the task of readjusting China's national economy was basically completed. Under the direction of Mao Zedong, Zhou Enlai announced the long-term plan for development: the first fifteen years would be devoted to establishing an independent, relatively complete industrial economy; once it was established, China would work for the realization of the Four Modernizations

—in agriculture, industry, national defence, and science and technology—within this century. Some twenty years later, after the "cultural revolution," the Four Modernizations were reaffirmed as China's basic strategic goals.

Economic readjustment was accompanied by an effort to achieve greater political stability. During February and March 1962 Zhou Enlai reviewed the "Left" mistakes in the implementation of policies towards intellectuals at a conference on scientific research in Guangzhou, stating that the great majority of China's intellectuals had become part of the working class. In addition to reinstating Party cadres unjustly censured and punished during the campaign against Right deviation, the central authorities removed the label of "Rightist" from the majority of people so branded in the Anti-Rightist Movement. Also, much was done to consolidate the people's united democratic front and to improve relations among different ethnic groups.

However, new "Left" tendencies again surfaced. The Tenth Plenary Session of the Eighth Party Central Committee met in Beijing in September 1962. Taking advantage of the nation's economic difficulties, unreformed landlords, rich peasants and counterrevolutionaries had become unruly, itching for a comeback. In April 1962 over sixty thousand inhabitants of Xinjiang, instigated by the Soviet Union, crossed over to the Soviet side. This was followed by the Yili rebellion the next month, which was also Soviet-inspired. The same year had seen tension along the Sino-Indian border. In addition, the authorities in Taiwan had publicized their intention to start a "counteroffensive against the mainland." In the circumstances Mao Zedong developed still further his standpoint enunciated during the 1957 Anti-Rightist Movement that the contradiction between the proletariat and the bourgeoisie remained the main contradiction in Chinese society. He asserted that, throughout the historical period of socialism, the bourgeoisie would continue to exist and would attempt to stage a comeback, and that was the very source of revisionism arising from within the Communist Party. Thus he held that the Party should "never forget class struggle" and should remind itself of class struggle "every year, every month, every day." This

"Left" standpoint, later generalized as the Party's basic line throughout the first period of socialism, became an important theoretical basis first for the Socialist Education Movement in the early 1960s and eventually for the "cultural revolution" of 1966-76.

The Socialist Education Movement was prompted by the discovery of a number of problems in grass-roots units, including filing fake income returns, waste and extravagance, bureaucracy and even corruption and profiteering. The problems were exaggerated. Nonetheless, a large-scale mass movement was launched to tackle them within the framework of class struggle. A great number of cadres at the grass-roots level were wrongly accused and punished. Particularly harmful was the decision to single out "those Party members in authority taking the capitalist road" as the main targets, which later became one of the basic slogans against ranking Party leaders in the "cultural revolution."

The influence of the "Left" line was also felt in art and literature, especially when Mao Zedong criticized work in this area in 1963 and again in 1964 by saying that for fifteen years since Liberation the literary and art associations and their publications basically had not carried out the Party's policies and that "in recent years" they had "slid right down to the brink of revisionism." As a result, unjust criticism was levelled against some writers, artists and scholars, and their works.

7. A Turning Point in Tibetan History

Historical records show that Han-Tibetan interlocking and eventual unification into one sovereign state began very early. The administrative union dates from long before Scotland came under British rule and centuries before the U.S.A. or modern Italy or Germany appeared on the world scene.

Tibet in ancient times was inhabited by the Qiang and Rong peoples. During the Tang and Song dynasties (618-1279) it was ruled by a Tibetan regime. During the Yuan Dynasty (1279-1368) it was under the Bureau of Buddhism and Tibetan Affairs. The

Ming empire (1368-1644) put Tibet under the jurisdiction of Dhus-Gtsang and Mdo-Khams, two military regions, and the local kings of Chan Jiao and Fu Jiao. In the Qing (1644-1911) it was divided into Wei (Qian Zang), Zang (Hou Zang), Ge Mu (Kang) and Ali, jointly named Xi Zang (Tibet). The name Xi Zang first appeared in the second year of the reign of Emperor Kangxi (1663).

In the long history of the Chinese civilization the Tibetan people have established friendly relations with other nationalities of China, especially with the Han people. In 641 Tang Emperor Taizong gave Princess Wencheng in marriage to Tibetan King Songtsan Gambo, who was later given the title of King of the Western Region by Emperor Gaozong. In 710 King Tride Tsugten, one of the successors of King Songtsan Gambo, wed the adopted daughter of Tang Emperor Zhongzong, Princess Jincheng. Princesses Wencheng and Jincheng took to Tibet many artisans, acrobats and musicians, and introduced to the Tibetans technical knowledge of textiles, architecture, calendar making and medicine. A stone monument in front of the Jokhang Temple in Lhasa, erected in 823 and inscribed with "Unity Between Uncle and Nephew," testifies to the close relations between the Tibetan local government and the central government of the Tang Dynasty.

As early as the seventh century the Tibetan kingdom had accepted the leadership of the Tang emperors. King Songtsan Gambo accepted the title of King Cong, granted by Emperor Gaozong, who later erected a statue of Songtsan Gambo to put along with those of other kings and nobles flanking Emperor Taizong. In 1253 Yuan troops entered Tibet and established an administrative system. They appointed officials, registered households, set up courier posts and installed a taxation system. Tibet thus came within the jurisdiction of the Yuan empire as part of its domain. From the thirteenth to the eighteenth century the political and religious systems of Tibet were laid down by the central government of China. In 1275 Kublai Khan, the noted Yuan emperor, appointed Phagspa, a leading Tibetan lama of the Sakya Sect, regional ruler under the court at Beijing. This was the

beginning of the integration of political and religious power in Tibet. During the Ming and Qing dynasties the appointment of Tibetan officials by Chinese emperors continued, and the Tibetan local government often sent envoys to Beijing to pay tribute to the emperors or accept the emperors' appointments. The Fifth Dalai Lama, at the call of Qing Emperor Shunzhi, went to Beijing personally for a grand reception. A mural in the Potala Palace in Lhasa vividly depicts his journey to Beijing. The position of the Dalai Lama in Tibet was then formally affirmed by the Qing government.

Early in the eighteenth century the Qing government started sending commissioners to Tibet, who took charge of the appointment and removal of Tibetan local officials and presided over major religious ceremonies such as the reincarnation of the Dalai, Panchen and other living Buddhas. The identity and functions of the Tibetan local government (*kashag*) were subject to detailed instructions from Qing Emperor Qianlong. According to Qing regulations, the *kashag* consisted of four *kaloons*—three laymen and one lama—who were all third-rank officials in the Qing court. Special organizations in charge of Tibetan affairs were set up in every Chinese government in the Republic period. In 1929 the Kuomintang government formed a Mongolian-Tibetan Commission in Nanjing. Five years later the government decided to set up a representative office of the commission in Tibet to exercise its control over the local government.

Historically, the social system in Tibet was a serf system, a darker, more brutal and reactionary one than that of medieval Europe. All the land and other means of production were owned by three types of feudal lords—nobles, monasteries and the local government. Serfs and slaves were cruelly exploited and oppressed. They worked two-thirds or even three-fourths of the year on their owners' land without pay, and more than 70 percent of their own harvests every year were exploited. In addition, they were forced to do corvée labour (called *wulla* labour) of various kinds and suffered greatly from the usury of the feudal lords. Serfs and slaves had no personal freedom, and if they tried to run away or were considered to have broken the law, they were given

serious punishment, even to having their eyes gouged out or their nose or limbs cut off. Their children were born serfs or slaves and treated just like pieces of property. To suppress the resistance of serfs and slaves, many serf owners kept private prisons and instruments of torture in their mansions.

After the Opium War of 1840 Tibet became a point of contention for imperialists. The so-called independence of Tibet in modern times was a mere pretext used by the imperialists to invade China. Their scheme has all along been condemned by the Chinese Government and the Tibetan people. However, the local Tibetan government, instead of resisting foreign agitation, engaged in unpatriotic activities. On July 8, 1949, the local Tibetan government gave orders to expel the Han people and Kuomintang representatives residing in Tibet. Its cable to the Mongolian-Tibetan Commission of the Kuomintang read: "To keep the Communists from sneaking into Tibet, we hereby ask all the representatives of the central government to leave Tibet." The expulsion of the Kuomintang government representatives was aimed at cutting off the relations between Tibet and the rest of China to prevent the People's Liberation Army from entering Tibet. That way the slave system would be preserved.

In 1950, the second year of the People's Republic, the PLA entered east Tibet and liberated Chamdo. In 1951 when the fourteenth Dalai Lama assumed temporal power, he responded to the call of the Central People's Government for the peaceful liberation of Tibet and sent to Beijing a delegation fully representing the local Tibetan government. On May 23 the Agreement on Measures for Peaceful Liberation of Tibet was signed. The tenth Panchen Ngoerhtehni, another political and religious leader in Tibet, had pledged his support to the Central Government two years earlier. On October 26 the PLA entered Tibet, marking the return of Tibet to China.

After the peaceful liberation the People's Government adopted a series of measures to help the Tibetan people in political reform, economic construction and cultural development. The Agreement on Measures for Peaceful Liberation was faithfully carried out by the garrison PLA troops and government

cadres, so were the policies of national equality and the freedom of religious belief. Within a few years, under the joint effort of the Han and Tibetan peoples three trunk highways—Xikang-Tibet, Qinghai-Tibet and Xinjiang-Tibet—were built as well as a network of highways within Tibet radiating from Lhasa. A Lhasa-Beijing airline was opened. Modern means of transportation gradually replaced the traditional transport system which relied mainly on human being and draft animals. The People's Government also helped set up hospitals in each county and sent mobile medical teams throughout the region. Medical care was free for everyone, a special policy for Tibet, whereas in the Han areas only those working in state-owned enterprises enjoyed subsidized medical care. Veterinary centres across the region provided free service for the treatment and prevention of animal diseases. Primary and secondary schools, and various kinds of cadre schools, hitherto inaccessible to serfs and slaves, were now set up for their children and for Tibetan cadres and technicians. To develop production in Tibet, the People's Government provided relief, interest-free loans for agriculture and animal husbandry, and low-interest loans for industry and commerce.

According to the Constitution of the People's Republic of China, the Tibetan people had the right to national autonomy in their region. The 1951 Agreement on Measures for Peaceful Liberation of Tibet reaffirmed the right. Under the agreement, until 1959 the local Tibetan government would retain its functions and the Dalai Lama, his old post and power. Officials at all levels remained in office. The Central Government never interfered in the political rights and daily work of the local government. According to the agreement, the local Tibetan army should be redesignated as the People's Liberation Army, and the local government should voluntarily start reforms in every field, including reform of the serf system. However, owing to obstruction from the reactionaries of the upper social strata, there was very little progress in this direction, and it seemed impossible to carry out the redesignation of the local Tibetan army.

In 1956, the Preparatory Committee for the Tibet Autonomous Region, with the Dalai Lama as its chairman, was set up

under the guidance of the Central Government delegation headed by Vice-Premier Chen Yi. In view of the attitude of the Tibetan upper social strata, the Central Government declared that until 1962, the local Tibetan government did not have to carry out the democratic reform, and the actual time of reform would be decided by the Tibetan leaders, the upper social strata and the people in light of the actual situation at that time.

Taking advantage of the patience of the Central Government, the reactionary elements in the Tibetan upper social strata stepped up their opposition to the peaceful reform policy of the Central Government, vowing that they would never make any reforms. Neither did they want regional autonomy. What they were really after was the so-called Tibetan independence planned for many years by foreign interventionists. In fact, a year before the setting up of the preparatory committee, they had planned and stirred up a rebellion at Kangba as a prelude to driving out the Hans. The rebellion was quickly suppressed. Later they gathered together rebellious bandits and supplied them with arms, encouraging them to make trouble. They went on to organize the so-called people's conference in an attempt to tear up the agreement of peaceful liberation and dismiss the preparatory committee for the Tibet Autonomous Region—all this to split the country and keep the backward serf system with the support of foreign powers.

Their activities grew from underground to open and from small to large, until they became an all-round armed rebellion. In May and June of 1958 they directed the rebels to disturb the public order at Changdo and Shannan, destroy communications lines, kill people and attack Central Goverment agencies and troops.

In early 1959 the reactionary clique, believing rumours spread by some foreigners that Heaven was angry and people were ready to rebel, considered it a good opportunity to drive out the Hans and realize the "independence of Tibet." They thought they would be able to use religion and superstitions to deceive the Tibetan people and would get strong support from the imperialists and foreign reactionaries. They took the Central Govern-

ment's patience and magnanimity as a sign of weakness, believing that the Hans would be scared away, and that since the Dalai Lama was a god, nobody would dare disobey him.

On March 10 the clique launched an armed rebellion in Lhasa. The Dalai Lama had been scheduled to attend a theatrical performance in the auditorium of the Tibet Military Area Command of the PLA on that day. The rebels spread rumours that the PLA was to detain the Dalai Lama. Using this as a pretext to launch an armed rebellion, they came out with such slogans as: "Drive out the Hans!" "Independence for Tibet!" and "The PLA leave Tibet!" and encircled the headquarters of the PLA garrison and office of the Central Government representative. In response, the Central Government requested the local government to correct itself and suppress the rebellion. The reactionaries turned a deaf ear to the request and instead, stepped up their intrigues. On March 20 the rebel forces attacked the PLA units, extinguishing the last hopes for a peaceful settlement. With the help of the patriotic Tibetan people and lamas the PLA quickly smashed the rebellion. Then the State Council issued orders to stop the functions of the local Tibetan government and give full power to the Preparatory Committee for the Tibet Autonomous Region. The remnant rebels fled abroad, taking along the Dalai Lama.

The great majority of the Tibetan people were against the rebellion, including Panchen Erdeni, who pledged full support to the Central Government. Only twenty thousand participated in the rebellion, mostly under duress. To oppose peaceful reform and maintain serfdom, the reactionary clique had launched the rebellion to split China, only to find that their action actually quickened the process of democratic reform in Tibet.

The serf system, which combined political and ecclesiastical power, was the root of the backwardness of Tibetan society. From June 28 to July 17, 1959, the Second Plenary Meeting of the Preparatory Committee for the Tibet Autonomous Region was held in Lhasa, adopting a resolution to carry out democratic reform regionwide. The meeting also decided on major policies about the confiscation of land and animals belonging to serf owners and stock farm owners who had participated in the

rebellion, about the reduction of land rent and about redemption of the land and other means of production belonging to the monasteries. The government took care of and properly arranged the lives of lamas and granted subsidies to monasteries that could not make ends meet. On the basis of the awakening of the masses, peasants' and herders' associations were established and exercised grass-roots political power in rural areas.

Democratic reform in Tibet was carried out through full mobilization of the masses and negotiations with the upper social strata. Millions of Tibetan serfs and slaves were thus liberated. They smashed the fetters of serfdom and started a new life. They were given land, animals, farm tools and houses. According to the policy, former serf owners and their representatives were also given the same amount of land on a per-capita basis. The democratic reform greatly spurred production and propelled the progress and development of Tibetan society, bringing about a change of momentous significance in Tibetan history. Later, the People's Government guided the emancipated serfs and slaves into forming mutual-aid teams and cooperatives. Thus, Tibet leaped from a serf society into a socialist society.

Since 1960 local governments have been established at county and township levels throughout the region. Democratic elections were held in 1961, further strengthening governmental administration at all levels.

From September 1 to 9, 1965, the First Session of the First People's Congress of Tibet met in Lhasa, which proclaimed the founding of the Tibet Autonomous Region and elected its leading body. Its founding was a signal that Tibet had entered a new era of socialist construction. It also showed that all the nationalities in China enjoyed equal status. Under the leadership of the Central People's Government and the local government of the Tibet Autonomous Region the Tibetan people have been making laudable efforts to build a new, socialist Tibet.

8. Independent Foreign Policy and Friendly Neighbour Relations

From the late fifties to the sixties China was under pressure from both the United States and the Soviet Union, whereas a new tide of national independence was rising in Asia, Africa and Latin America. During this period, China pursued a foreign policy of firmly withstanding the pressure from the two superpowers and strengthening unity and cooperation with the peoples of oppressed nations in the world.

Beginning in the late fifties, the Soviet Union increasingly showed great-nation chauvinism towards China, and Sino-Soviet relations gradually deteriorated. When China refused Soviet requests infringing on China's sovereignty, the Soviet Union took a series of measures to put pressure on China. Most deplorable of all, it unilaterally tore up the Sino-Soviet agreement vital to China's reconstruction, withdrew all its specialists from China and demanded the repayment of all the loans China had raised to finance economic recovery at home and the war in aid of Korea against U.S. aggression. Sino-Soviet relations continued to worsen in the late sixties, and the Soviet Union even provoked border conflicts and threatened China with military force.

In this period China was also at loggerheads with the United States. The situation was a grim test for China, but the Chinese Government and people stood up to it. China began to formulate a foreign policy that was independent and free from outside interference.

While the Chinese Government continued to condemn the U.S. for stationing troops in China's Taiwan and blocking the restoration of her lawful rights in the United Nations, she began to seek normalization of relations between China and the United States. Many rounds of talks at ambassadorial level had been held since August 1955. However, these talks produced no positive results because the United States continued to station her armed forces in Taiwan and refused to develop Sino-American relations in accordance with the Five Principles of Peaceful Coexistence.

On January 27, 1964, thanks to the joint efforts of Chinese leaders and French President Charles de Gaulle, the People's Republic of China and the Republic of France established diplomatic relations. This was in the interest of the two peoples, advantageous to the realization of peaceful coexistence between countries having different social systems, and beneficial to world peace. It was a major achievement for China in implementing her foreign policy of independence and peace.

In the meantime China developed friendly relations with Pakistan. The Pakistani Government, following an independent foreign policy, persisted in building friendly ties with China and other Asian and African countries. The Pakistani initiative was conducive to both her own interest and unity among Asian and African countries.

The Chinese Government and people continued to lend full support to anti-imperialist and anticolonial struggles in all parts of the world. China supported the Congolese in their struggles against U.S. aggression, the Panamanians in their anti-US patriotic movements, the American blacks in their fight against racism, and the Koreans for the peaceful unification of their country.

China resolutely supported the peoples of Viet Nam, Laos and Kampuchea in their just struggles, and insisted that the question of Indochina should be solved in accordance with the Geneva Agreement of 1954 for restoring peace in Indochina on the basis of respecting the right of independence of Indo-Chinese countries. Two enlarged Geneva Conferences for the peaceful settlement of the Laotian question were held in May of 1961 and July of 1962. Foreign Minister Chen Yi, head of the Chinese Government delegation, raised five principles for the peaceful settlement of the Laotian question. A Declaration on the Neutrality of Laos and an agreement on the Declaration were adopted at the conferences.

However, the U.S. government openly violated the Geneva Agreement and launched an undeclared "special war" in south Viet Nam. Later it escalated the war into a "regional war" in the whole of Indochina. The people there rose against US aggression and fought heroically for national survival. On July 19, 1964, on

the tenth anniversary of the signing of the Geneva Agreement for a peaceful settlement in Indochina, the Chinese Government issued a statement reiterating its support for the Vietnamese people in their struggle against U.S. aggression, and insisting that the agreements reached at the two Geneva Conferences be upheld and measures be taken without delay to stop US from invading and interfering in the Indo-Chinese countries.

The United States escalated her aggressive war in Indochina by starting to bomb north Viet Nam on June 29, 1966—singling out Hanoi, the capital of Viet Nam, and Haiphong, Viet Nam's second largest city. At this critical moment, Liu Shaoqi, President of the People's Republic of China, made a statement on July 22, 1966 declaring that China resolutely and warmly supported Chairman Ho Chi Minh's Circular to All Countrymen of July 17; China was prepared to make the greatest sacrifices to back the Vietnamese people in their fight against US imperialists; the seven hundred million Chinese people were solidly behind the Vietnamese people and the vast land of China was a reliable rear area of Viet Nam. Throughout the Vietnamese people's fight against US aggression, China provided huge quantities of material aid, and many Chinese gave their lives for the just cause of the Vietnamese people.

On the issue of nuclear weapons, the Chinese Government issued a statement on July 31, 1963 on the agreement signed by the Soviet Union, the United States and Britain on the partial prohibition of nuclear testing. The statement declared that China stood for complete prohibition and destruction of nuclear weapons. On October 16, 1964, the Chinese Government announced the successful explosion of China's first atom bomb, pointing out that China had developed nuclear weapons solely for defence purposes and she would never be the first to use nuclear weapons at any time or under any circumstances. While China succeeded in breaking up the monopoly of nuclear arms by the two superpowers, she came out with a proposal to call a world conference of heads of government to discuss the question of complete prohibition and destruction of nuclear arms, stating that since man had invented nuclear weapons, man could also destroy them.

On October 17 Premier Zhou Enlai telegraphed heads of government about the proposal, which met with favourable response from the world's people and most of the governments. Owing to the obstruction of the United States and her followers, the world conference has been left in abeyance to this day.

During the period between the late fifties and the sixties, China established and developed friendly diplomatic relations with more newly independent Asian and African countries, and goodwill visits were exchanged frequently between China and these countries. Chairman Liu Shaoqi and Premier Zhou Enlai visited many Asian and African countries, whereby mutual understanding and friendship were fostered and strengthened. By 1965 China had established diplomatic relations with fifty countries and had trade and cultural exchanges with over one hundred twenty countries and regions. Through friendly negotiations on the basis of equality and mutual accommodation, China solved historical border issues with Burma, Nepal, Mongolia, Pakistan and Afghanistan. A number of treaties were signed between China and neighbouring countries. These included the Treaty of Friendly Cooperation and Mutual Assistance with the Democratic People's Republic of Korea; treaties of friendship and mutual nonaggression with Burma, Afghanistan and Kampuchea; treaties of peace and friendship with Nepal and Yemen; the Treaty of Friendship and Mutual Assistance with Mongolia; and the Treaty of Friendship and Cooperation with Hungary.

Regarding the Sino-Indian boundary question, the Chinese Government has consistently held that since it was a historical issue, it should be solved peacefully through negotiations on the basis of equality and in the spirit of mutual understanding and accommodation. In the meantime both sides should maintain the status quo, without trying to change it by force of arms. The Chinese Government had made a constant effort to maintain it, but the Indian Government had not responded in kind. Since 1959 Indian troops had launched large-scale simultaneous attacks on the eastern and western sections of the Sino-Indian border. The Chinese border troops were forced to strike back in self-defence and repulsed the Indian troops' attack. On October 24,

1962, the Chinese Government issued a statement calling on the Indian Government to stop the border conflicts and restart negotiation to settle the long-standing Sino-Indian boundary disputes. Meanwhile, to disengage the armed forces of the two sides, the Chinese border troops voluntarily withdrew twenty kilometres from the line under the de facto control of the Chinese side since November 7, 1959, returned to the Indian side the arms seized in battle and released all captives. The tense Sino-Indian border situation relaxed. After the border conflict flared up, China had all along exercised great restraint in view of the long-term friendship between the Chinese and Indian peoples.

China attended the Second Afro-Asian People's Solidarity Conference held in Conakry, Guinea, in April 1960, and the First Afro-Asian-Latin American People's Solidarity Conference held in Havana, Cuba, in January 1966.

Although the Japanese Government at that time was unfriendly towards China, economic and cultural exchanges between the two countries increased. On November 9, 1962, a Memorandum of Sino-Japanese Trade was signed by Liao Chengzhi and Tatsunosuke Takasaki; the Sino-Japanese Friendship Association was founded in Beijing on October 4, 1963; and on April 19, 1964, an agreement on the Summary of Talks on the Exchange of Representatives and the Establishment of Agencies in Each Other's Country was reached between the office of Liao Chengzhi and the office of Takasaki.

China also tried to further develop friendly cooperation in various fields with independent third world countries. From the end of 1963 to the beginning of 1964 Premier Zhou Enlai visited thirteen Asian and African countries and announced the five principles on relations between China and African and Arab countries: China supported these countries in their efforts to win and safeguard national independence, to pursue a policy of peace, neutrality and nonalignment, to achieve solidarity in the manner of their own choice and to settle their disputes through consultation; China also held that their sovereignty should be respected by all other countries and that foreign encroachment and interference should be opposed. These five principles were in essence

the policy that China followed in her relations with all third world countries.

Along with the development of China's socialist economy, she gradually expanded her foreign aid. Based on experience gained over the years, the Chinese Government laid down eight guidelines for rendering foreign economic and technological aid, the gist of which was as follows: China would never regard such aid as a kind of unilateral alms but as something for mutual benefit; in providing aid to other countries, the Chinese Government would strictly respect the sovereignty of the recipient countries and never attach any conditions or ask for any privileges; in providing aid to other countries, the purpose of the Chinese Government was not to make the recipient countries dependent on China but to help them embark on the road to self-reliance and independent economic development. These guidelines fully demonstrate the principle of equality in China's economic and technical cooperation with other developing countries. The Chinese engineers and technicians sent to Asian and African countries have strictly lived up to the rulings of the Chinese Government that they keep their standard of living at the same level as that of their counterparts in these countries without asking for any special privileges. They have worked hard and enjoyed the goodwill of the local people. Their efforts have benefited these countries and helped develop and consolidate mutual friendship and cooperation between the Chinese people and the people in Asia and Africa.

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1. For the text of the speech see *Selected Works*, FLP, Beijing, 1977, Vol. V. pp. 384-421.

2. Capital construction projects included construction of factories, mines, railroads, waterworks, bridges, hospitals, etc., that is, construction to build up fixed assets in any and all areas of the national economy.

3. The law of value means that the value of a commodity is determined by the socially necessary labour time required to produce it and that the exchange of commodities must be based on an exchange of equal amounts of value. Socially necessary labour time refers to the labour time needed to produce a certain kind of use value under the

normal conditions of social production at a given time, at an average degree of labour and skill.

4. For the text of Peng Dehuai's Memorandum see *Memoirs of a Chinese Marshal*, FLP, Beijing, 1984, pp. 510-520, from which the quotations in this section were taken.

5. Huang Kecheng, then member of the Secretariat of the CPC Central Committee and Chief of the General Staff of the People's Liberation Army.

6. Zhou Xiaozhou, then alternate member of the Central Committee and First Secretary of the Hunan Provincial Party Committee.

7. Zhang Wentian, then alternate member to the Political Bureau and Vice-Minister of Foreign Affairs.

8. Readjustment meant remedying the imbalances in the national economy by cutting down on capital construction and giving more attention to agriculture. Consolidation meant consolidating gains in national economic development. Filling out meant enabling some of the enterprises set up during the Great Leap to begin operation by giving them more money to build their infrastructure and buy miscellany equipment. Raising standards meant improving the quality of products, managerial skills and economic performance.

PART III
THE TEN YEARS OF THE "CULTURAL REVOLUTION" (MAY 1966-OCTOBER 1976)

1. Launching the "Cultural Revolution"

May 1966 marks the beginning of an event unprecedented in the international Communist movement, the "Great Proletarian Cultural Revolution." During the decade that followed, China was thrown into a period of turmoil and destruction that caused the severest setbacks that the Communist Party and the nation had ever experienced since the founding of the People's Republic.

The theoretical rationale for the "cultural revolution," formulated largely by Mao Zedong, the initiator and leader of the movement, was complex and at times confusing. Mao believed that representatives of the bourgeoisie, called counterrevolutionary revisionists, had infiltrated the Party, the administration, the army and academic and cultural circles in large numbers. This meant that leadership in a majority of organizations was no longer in the hands of Marxists and of the people. The Chairman insisted that powerful Party members with capitalist leanings had formed a bourgeois stronghold within the Party Central Committee that pursued revisionist policies and had agents in all provinces, municipalities and autonomous regions as well as central government departments. Since all previous forms of struggles had proved incapable of solving this problem, Mao believed that the power usurped by those with capitalist tendencies could be recaptured only by carrying out a great cultural revolution, by publicly and unequivocally encouraging a mass movement from below to expose the dangers threatening socialism. The "cultural revolution," then, was not thought of as a political revolution, in which one class would overthrow another, but as just one of many such revolutions necessary to prevent political-ideological retrogression.

These theses underlay the overriding "theory of continuing the revolution under the dictatorship of the proletariat," which

Mao was later to incorporate into his political philosophy. However, the history of the "cultural revolution" showed that such thinking conformed neither to the principles of Marxism-Leninism nor to the reality of the situation in China at that time. It not only represented a misdirected appraisal of prevailing class relations and of the political climate in the Party and the state, but suggested inappropriate means for solving any problems that did exist.

That the errors in Mao's analysis were not identified in time but were instead, allowed to develop and culminate in the "cultural revolution," can be blamed on complicated social and historical factors. The Chinese Communist Party had long known times of war and violent class struggle. It was not fully prepared, ideologically or administratively, to handle the challenges posed by national reconstruction under socialism. Meanwhile, the theories on the development of a socialist society still remained unexplored. Under such circumstances, even after the basic socialization of agriculture and industry, the Party leadership was prone to regard all new contradictions and problems as manifestations of class struggle. And when confronted with real problems of class struggle, the Party leadership dogmatically fell back on old methods, such as calling turbulent mass rallies, to deal with contradictions cropping up in an essentially socialist environment. As a result, class struggle was mishandled and conducted on an overextensive scale. Ironically, the exaggerated class confrontation was hailed as a necessity for preserving the purity of Marxism-Leninism.

Also, there were external factors leading to the "cultural revolution." A debate between the Communist parties of China and the Soviet Union was then in progress. The Soviet leaders, pursuing great-power chauvinism, turned inter-Party debates on Marxist principles into issues between nations, bringing enormous political, economic and military pressure to bear upon China. The rise of what was then known as Soviet revisionism alerted the Chinese Party leadership to a similar danger in the CPC —a Chinese Khrushchev, for example—and a campaign was launched throughout the country to prevent and combat revision-

ism. This could only encourage a tendency to exaggerate class struggle within the Party itself to the point where normal differences among Party members came to be regarded as manifestations of conflicts between the revisionist and the Marxist lines. The subsequent intra-Party tensions made rational and frank discussion of errors in Mao Zedong's theses virtually impossible.

In the late 1950s Mao Zedong's prestige among the people reached its peak. The Chinese people's gratitude for his leadership in the revolution and their admiration for his dedication to socialist reconstruction developed into a cult that grew beyond all reason. In the circumstances, Mao began to make arbitrary decisions, sometimes ignoring or acting against the concensus of the Party Central Committee. The result was a steady weakening of the principle of collective leadership and democratic centralism in the Party and in the state mechanism. It was precisely this complex of ideological misformulations that Lin Biao, Jiang Qing, Kang Sheng and others were to encourage and manipulate to their own political advantage.

In hindsight we can date the first rumblings of the "cultural revolution" as far back as November 10, 1965, when *Wen Hui Bao*, a Shanghai daily, published Yao Wenyuan's[1] article entitled "On the New Historical Drama—*Hai Rui Dismissed from Office*." This drama, written by the noted historian and Vice-Mayor of Beijing Wu Han in 1960, is the story of an honest and upright official of the Ming Dynasty, named Hai Rui, who dared to speak frankly to the emperor of his faults. Yao Wenyuan, emboldened by the support of Jiang Qing, claimed the drama alluded to an encouragement of individual farming and represented an attempt to reverse the judgments on certain individuals punished for political misdeeds. He alleged that the play confirmed the existence of a "new form of class conflict."

More importantly, criticism of the playwright, Wu Han, was a means of implicating his immediate superior, Peng Zhen, Mayor of Beijing and First Secretary of the Municipal Party Committee. Peng Zhen, who was also a member of the Political Bureau of the Party Central Committee, in turn was a link to the ultimate target of attack, Liu Shaoqi, Chairman of the People's

Republic and second only to Mao in the Party. Mao Zedong, for his part, supported the critics. In a talk in December 1965 he announced, "The crux of *Hai Rui Dismissed from Office* lies in his dismissal. Emperor Jiajing dismissed Hai Rui; in 1959 we dismissed Peng Dehuai.[2] Peng Dehuai is presented as another Hai Rui." These remarks made the critique of the drama an issue of great political significance.

By early 1966, a full-scale criticism campaign in academic and literary circles was launched. The Group in Charge of the Cultural Revolution under the Party Central Committee, set up in 1964 and composed of Peng Zhen, Lu Dingyi, Kang Sheng, Zhou Yang and Wu Lengxi, called a meeting to study the play and the criticisms against it. In their "Outline Report on the Current Academic Discussion" this five-member Group tried to keep the debate at an academic level, expressing disapproval of any attempt to turn it into a political issue. The report maintained that in conducting academic criticism, "one must seek truth from facts," that "all are equal before the truth" and that "one should convince others through reasoning and must not be dogmatic and intimidate people with one's power, like an academic overlord." However, no sooner had the document been approved by the Party Central Committee for distribution throughout the Party than it was denounced by Mao Zedong, who criticized the five-member Group, the Central Department of Propaganda and the Beijing Municipal Party Committee for not supporting the "Leftists."

While the five-member Group was holding its session on academic debate in February, Jiang Qing, backed by Lin Biao, was busy in Shanghai sponsoring a forum on literature and art in the military circle. The summary of the minutes of the forum vilified the literary and art circles at the time as "following an anti-Party and antisocialist line that has exercised a dictatorship over us and discredited the achievements in progressive literature and art of the 1930s and those in the seventeen years since the founding of New China." This summary, after examination and revision by Mao himself, was approved for distribution throughout the country in the name of the Party Central Committee.

The official launching of the "cultural revolution," however, began at the enlarged meeting of the Political Bureau of the Party Central Committee from May 4 to 26, 1966, when the "Left" line gained the upper hand.

Two events dominated the meeting. The opening discussion centred on the "anti-Party errors of Peng Zhen, Luo Ruiqing, Lu Dingyi and Yang Shangkun." Peng Zhen was denounced for "opposing Chairman Mao and Mao Zedong Thought," particularly for his "out-and-out revisionist programme" as represented in the Outline Report on Current Academic Discussion. Luo Ruiqing was accused of opposing Mao Zedong and Lin Biao, seeking to usurp leadership in the army. Lu Dingyi was criticized for implication in the writing of anonymous letters insulting Lin Biao and his wife, for opposing Lin Biao's glorification of Mao, and for holding views similar to Peng Zhen's on the "cultural revolution." Yang Shangkun, then Director of the General Office of the CPPCC, was castigated for "installing tapping devices to listen in on the conversations of Chairman Mao and other leading comrades." Without any evidence these four persons were lumped together as an "anti-Party clique." It is clear now that they were criticized merely because they had refused to toe the ultra-Left line and were therefore regarded as an obstacle to the "cultural revolution."

At the meeting, Lin Biao made a demagogic speech in which he went out of his way to eulogize Mao Zedong as a "genius," saying that "the Chairman's each and every word is truth and carries more weight than ten thousand words uttered by others." He spoke glibly about a coup d'état plotted by certain people within the Party Central Committee and claimed that Peng, Luo, Lu and Yang were colluding to "usurp state power and restore capitalism." This allegation spread panic among the participants. The session proceeded to dismiss Peng Zhen, Lu Dingyi and Luo Ruiqing as members and Yang Shangkun as an alternate member of the Secretariat of the Party Central Committee, remove Peng Zhen from his posts as First Secretary of the Beijing Municipal Party Committee and Mayor of Beijing and discharge Lu Dingyi from the office of Director of the Propaganda Department of the

Party Central Committee. A special group was set up by the Standing Committee of the Political Bureau to investigate the "anti-Party plot of the Peng-Luo-Lu-Yang clique."

Another event of prime importance at the meeting was the adoption of a circular of the Central Committee, known as the May 16 Circular and formulated under the direction of Mao Zedong. Concentrating its attack on Peng Zhen and the Outline Report of the Group in Charge of the Cultural Revolution, the circular denounced the Outline Report for "feigning compliance while stubbornly resisting this Great Cultural Revolution personally initiated and led by Comrade Mao Zedong... and his directive on the critique of Wu Han." The circular indicated that the aim of the acute struggle on the cultural and ideological front at the time was:

> to criticize Wu Han and a large number of other anti-Party and antisocialist representatives of the bourgeoisie (there are a group of such people in the Central Committee and Central Organization, as well as in each of the provinces, municipalities and autonomous regions).

The circular called on the whole Party:

> to hold high the great banner of the Proletarian Cultural Revolution, thoroughly expose the reactionary bourgeois stand of those so-called academic authorities who oppose the Party and socialism, thoroughly criticize and repudiate the reactionary bourgeois ideas in the spheres of academic work, education, journalism, art and literature, and publishing work and seize the leadership in these cultural spheres.... To achieve this, it is necessary to criticize and repudiate those representatives of the bourgeoisie who have sneaked into the Party, the government, the army, and all spheres of culture and to clear them out or transfer some of them to other positions.

The circular warned all Party organizations of the grave danger caused by these representatives of the bourgeoisie, calling them "a bunch of counterrevolutionary revisionists." In conclusion, it stated:

> Once conditions are ripe, they will seize political power and turn the dictatorship of the proletariat into a dictatorship of the bourgeoisie. Some of them we have already seen through, others we

> have not. Some are still trusted by us and are being trained as our successors, persons like Khrushchev, for example, who are still nestling beside us.

The circular may be said to be the most important document of the "cultural revolution," in the sense that it outlined the strategy of the ten-year struggle.

Accordingly, the five-member Group was dissolved and a new Cultural Revolution Group, directly under the Standing Committee of the Political Bureau, was set up. On May 28, 1966, with Chen Boda as director, Kang Sheng as advisor, Jiang Qing and Zhang Chunqiao as vice-directors, and Wang Li, Guan Feng, Qi Bengyu, Yao Wenyuan and others as members, the new commanding body of the "cultural revolution" set out to direct the struggle.

The "cultural revolution" under its new leadership was to be a national political movement of the masses. In late May, Kang Sheng sent representatives to institutions of higher learning in Beijing to encourage students to rebel. Emboldened by support from Kang, Nie Yuanzi, a Party cadre in the philosophy department, and six other people at Beijing University who had been criticized for their ultra-Left ideas, put up the first big-character poster on May 25, attacking the Party Committee of Beijing University and the Beijing Municipal Party Committee for suppressing the "Left." On June 1 Mao authorized broadcasting the text of the poster over national radio, and the next day it appeared in *People's Daily*, mouthpiece of the Party Central Committee, along with a commentary entitled, "Hail the First Big-Character Poster in Beijing University." This article, prepared by Chen Boda and others from the Cultural Revolution Group, called on the masses to overthrow the "sinister gang" who led the "fake Communist Party Committee" at Beijing University, that "stronghold against the Party and socialism." Then, on June 4, *People's Daily* carried the decision of the Party Central Committee to reorganize the Beijing Municipal Party Committee, along with the new Municipal Committee's decision to reorganize the Party Committee of Beijing University and to send a work team to lead the "cultural revolution" there.

The work team, headed by Chen Boda, on May 31 took over and reorganized the editorial board of *People's Daily*. Chen's June 1 editorial entitled "Wipe Out All Ghosts and Monsters" was but one of many articles inciting young people and the masses of workers and peasants to rise up against "persons in power taking the capitalist road," "counterrevolutionary revisionists" and "reactionary bourgeois academic authorities," using the methods of "thorough revolution," that is to say, to speak out, organize debates and write big-character posters. Large numbers of students around the country responded immediately to these calls to action and plunged themselves into the violent struggle, having full confidence in the directives of the Party and Chairman Mao. As attacks were first directed against the Party committees and leading cadres of schools, offices and factories, the normal functioning of the leadership in these units virtually ceased. People in these units were split into two major factions—the "rebels," who advocated struggling against the leadership, and the "royalists" who were unwilling to answer the call to rebel.

With Mao Zedong absent from Beijing in June, leadership of the Party Central Committee fell to Liu Shaoqi and Deng Xiaoping, both of whom had grave doubts about the course the "cultural revolution" was taking. They decided to send work teams to colleges and middle schools around Beijing to ease the conflict between factions and bring the movement under control. Party committees in many provinces, municipalities and autonomous regions immediately followed suit, but it seemed impossible to redirect heightened popular energy into more moderate channels. New tensions invariably sprang up between work teams and mass rebel organizations, and, under the instigation of the Jiang Qing faction, gradually the work teams began to be forced out by local rebel groups.

Mao Zedong's return to Beijing on July 18 settled the question of the direction the "cultural revolution" was to take. Right away Mao announced that the work teams were "playing the role of a stumbling block in the movement" and that teachers and students should be allowed to make revolution themselves. On Mao's instruction the Beijing Municipal Party Committee

decided to withdraw all work teams from schools and colleges. These teams, it was charged, had "suppressed the masses" and "committed mistakes in political orientation and line," while leaders who initiated sending the work teams were accused of "adopting the reactionary stand of the bourgeoisie against the proletarian revolution."

In this atmosphere of tension and confusion the Eleventh Plenary Session of the Eighth Party Central Committee, presided over by Mao, was held from August 1 to 12, 1966. The objective of the meeting was to work out a programme for the "cultural revolution," eliminate "resistance" and "further boldly arouse the masses."

On August 5 Mao Zedong wrote "Bombard the Headquarters—My Big-Character Poster," directly raising the issue of a bourgeois headquarters in the Party. He charged that "in the last fifty days or so, some leading comrades from the central down to local levels ... adopting the reactionary stand of the bourgeoisie, have enforced a bourgeois dictatorship and struck down the surging movement of the Great Cultural Revolution of the proletariat." Though he mentioned no one by name, his implication of Liu Shaoqi and, by extension, Deng Xiaoping, was clear. At the end of his poster, Mao specifically called people's attention to two events, attacking Liu Shaoqi by insinuation:

> "Viewed in connection with the Right deviation of 1962 and the wrong tendency of 1964, which was Left in form but Right in essence, shouldn't this prompt one to deep thought?"

This is tantamount to accusing Liu of opposing Mao's line as early as 1962, something Edgar Snow mentioned in his book *The Long Revolution*: "Mao's 'Three Red Banners'—the people's communes, the Great Leap Forward, and the 'general line' (of constructing socialism) were criticized by Liu in 1962, in Party meetings...." The second event was connected with the Socialist Education Movement. In 1964 Liu Shaoqi expressed the view that "the movement was characterized by the interweaving of contradictions among the people themselves with those between the enemy and ourselves," a view that led to enlarging the scope of

attack among the cadres. At a meeting of the Political Bureau of the Party Central Committee in January 1965, Liu's view was criticized and a document drawn up by Mao Zedong was adopted, which was actually a programme for the coming cultural revolution. It said explicitly:

> The main target of the present movement is those within the Party who are in authority and taking the capitalist road.... [Supporting these persons in authority] are certain people at higher levels —even at the provincial level and in the central department—who are opposed to building socialism.

Obviously it was in January 1965 that Mao had finally decided that Liu Shaoqi must be removed from his post, as he told Edgar Snow in an interview in December 1970.

On August 8, 1966 the Plenary Session adopted the "Decision of the Central Committee of the Chinese Communist Party Concerning the Great Proletarian Cultural Revolution," which stipulated that the objective of the movement was "to struggle against and crush those persons in authority who are taking the capitalist road, to criticize and repudiate the reactionary bourgeois academic 'authorities' and the ideology of the bourgeoisie and all other exploiting classes and to transform education, literature and art and all other parts of the superstructure that do not correspond to the socialist economic base, so as to facilitate the consolidation and development of the socialist system." That the main target of the "cultural revolution" was: "Those within the Party who are in authority and are taking the capitalist road" was a word for word recapitulation of what was contained in the January 1965 Party document. However, aside from the obvious examples of Liu and Deng, who were criticized during the session, it was not made clear who exactly these "capitalist roaders" were, nor what were the criteria for determining who represented the "revolutionary Left" upon whom the whole movement was to "firmly rely." This naturally led to a struggle against leading cadres of the Party at all levels and further exacerbated the general confusion.

Elections for the leading organs of the Party Central Committee took place on the last day of the Plenary Session. Mao

Zedong, Lin Biao, Zhou Enlai, Tao Zhu, Chen Boda, Deng Xiaoping, Kang Sheng, Liu Shaoqi, Zhu De, Li Fuchun and Chen Yun were elected members of the Standing Committee of the Political Bureau. Liu Shaoqi, while still serving on the committee, was demoted from second to eighth in command and was subjected to investigation and repudiation, along with Deng Xiaoping and others. Lin Biao took over as the second most powerful leader in the country, the only vice-chairman of the Central Committee, and successor to the Chairman.

With the close of the Plenary Session the "cultural revolution" spread with a vengeance. Earlier in June some young students in Beijing had begun to set up organizations of Red Guards, such as, for example, one at the middle school attached to Qinhua University, where Red Guards signed two big-character posters announcing their determination to "strike to the dust the gang that follow a sinister line and keep them there." In a letter of response dated August 1 Mao declared that their actions "proved that to rebel against reactionaries is justified," thereby expressing his warm support for "the daring young pathbreakers." On August 18, six days after the conclusion of the Plenary Session, Mao Zedong stood on the Tiananmen rostrum in military uniform, wearing a Red Guard armband, and reviewed one million people from all over the country who had gathered in the square. As news of the Chairman's personal support spread, the mass movement rapidly swept across the country with added vehemence, with Red Guards taking to the streets, putting up posters, distributing leaflets and making speeches. Pledging to "sweep away the Four Olds—old ideas, old culture, old customs and old habits"—they attacked all those labelled as "class enemies," banned "bourgeois" clothes and hairstyles, changed "bourgeois" street names into "revolutionary" ones, confiscated classical Chinese and Western books, destroyed traditional works of art, and vandalized historic sites. On September 5 the Party Central Committee and the State Council issued a circular inviting representatives of students and teachers nationwide to come to Beijing to see the "cultural revolution" at work. All those who did come in the following three months,

totalling twelve million, had the privilege of being reviewed by Mao Zedong in Beijing's Tiananmen Square. The upheaval further intensified, with Red Guards attacking Party and Government offices at all levels. Leading cadres were deprived of their authority, criticized and denigrated, even illegally detained and cruelly persecuted. Many loyal Party members were condemned as "revisionist successors," accomplished scholars were vilified as "reactionary academic authorities," and even model workers were described as "sinister models" and subjected to all manner of personal humiliation. In effect, all Party agencies except those in field armies were paralysed and regular Party activities came to a halt. Classes were suspended in all schools as "book knowledge" was despised and students were told to learn to make revolution in practice.

2. The "January Storm" and the February Counterattack

The "January Storm" in Shanghai during early 1967 brought the "cultural revolution" to its most radical phase—the seizure of power from the alleged "capitalist roaders." In November 1966 Wang Hongwen, a public security cadre at the No. 17 Shanghai Cotton Mill, and his followers set up an organization called the Shanghai Workers' General Headquarters for Revolutionary Rebellion. Within a short time rebel organizations of all descriptions mushroomed. Under the encouragement and direction of Zhang Chunqiao and Yao Wenyuan, they levelled attacks against the "revisionist crimes" of the Municipal Party Committee and the Municipal Government of Shanghai. On January 4, 1967, the rebels took over Shanghai's two largest newspapers, *Wen Hui Bao* and *Jiefang* (Liberation) *Daily*. Then, on January 6 Wang Hongwen's General Headquarters joined with thirty-one local rebel organizations in a rally to "overthrow the Shanghai Municipal Party Committee." At this mass rally Chen Pixian, Secretary of the Municipal Party Committee, and Cao Diqiu,

Mayor of the city, were brought to de facto public trial along with several hundred senior officials of the city, all of whom were denounced and openly humiliated. The economic order and administrative functions of the city fell rapidly into a state of chaos as all departments of the Municipal Party Committee and government virtually ceased to operate. On February 5 the Shanghai Commune (later renamed Shanghai Revolutionary Committee) was established to replace the municipal government—the People's Council of Shanghai.

The same time Zhang Chunqiao and Yao Wenyuan were directing the rebels to take over power in Shanghai; Lin Biao, Jiang Qing, Kang Sheng and Chen Boda were taking further steps to seize the power of the Party, government and the army at the centre level. Towards the end of December 1966, they instigated the Red Guards of Qinghua University to put up huge posters in the streets of Beijing, calling for the overthrow of Liu Shaoqi and Deng Xiaoping. On January 4 Jiang Qing openly attacked Tao Zhu, then a member of the Political Bureau, because Tao disagreed with the criticism against Liu Shaoqi and Deng Xiaoping. Lu Dingyi was dismissed from his post as Director of the Party's Central Propaganda Department, for being "China's No. One Royalist." Later on, other veterans of the Chinese revolution, such as Zhu De, He Long and Chen Yi, were publicly denounced as "warlord," "schemer" or "revisionist." Peng Dehuai, who was then directing national defence works in southwest China, was called back to Beijing under escort by Red Guards and taken into custody. Like Liu Shaoqi, He Long and Tao Zhu, he was later persecuted to death.

Zhou Enlai was also in a very difficult situation. Taking the overall interest of the country into consideration, he did his best to keep the affairs of the Party and the State going and, as far as possible, protected the personal safety of many high-ranking cadres, prominent public figures and well-known scholars. His unique role in mitigating the losses caused by the "cultural revolution" could not be overemphasized.

The "January Storm," as it was publicized nationally, needed only the approval of the Chairman, who immediately hailed it

as "a great revolution in which one class has overthrown another." Following Shanghai's example, a wave of power takeovers from Party committees and governments at various levels spread through the country. However, opinions at the central level were divided. Anxious about the critical situation of the nation, many high-ranking cadres eagerly spoke out against the prevailing lawlessness. Finally, on February 14 and 16, violent argument broke out at a meeting of the Political Bureau, presided over by Zhou Enlai. Debate centred on a series of vital issues: Should or should not the "cultural revolution" be led by the Communist Party? Was it right to overthrow all veteran cadres? Would it not be necessary to maintain stability in the army?

On the afternoon of February 14 Ye Jianying rose from his seat to register his protest over Kang Sheng, Chen Boda, Zhang Chunqiao and their faction:

> You have thrown the Party and the government into chaos. You have thrown the factories and villages into chaos. But you are still not satisfied, and you are out to make a mess of the army. What are you up to?

Marshal Xu Xiangqian shared Ye's outrage:

> The army is the supporting pillar of the dictatorship of the proletariat and yet you continue to destroy it. Do you want to maintain this pillar or not?

Continuing his protest, Ye went on:

> You have seized power in Shanghai and changed the Municipal People's Council into the Shanghai Commune. This involves questions of state system, yet you have arbitrarily changed this name without prior discussion by the Political Bureau. Here again, I want to know exactly what you are doing.

Turning to Chen Boda, Ye demanded an answer to the question "Can revolution be carried out without Party leadership, without the participation of the army?"

At the second session of the meeting on the afternoon of February 16, the clash between the two opposing sides led Vice-Premier Tan Zhenlin to vehemently denounce Zhang Chunqiao for staging what he characterized as a counterrevolutionary sei-

zure of power in Shanghai. He declared:

> Your purpose is to get rid of veteran cadres—to finish off each and every one of them.... This is the cruelest struggle in Party history.

Then Tan, who had worked closely with Mao Zedong ever since their days together in the Jinggang Mountains in the late 1920s, announced his determination to fight to the bitter end against the grave errors being committed, even if it meant his expulsion from the Party, imprisonment or death. Vice-Premier Li Xiannian joined in the denunciation of the Lin Biao and Jiang Qing factions, stating that they had made it a nationwide practice to extort false confessions from veteran cadres. Vice-Premiers Nie Rongzhen and Chen Yi also voiced their opposition to the outrages perpetrated by Lin Biao, Jiang Qing and their followers.

On the night of February 18 Mao Zedong called a meeting of select members of the Political Bureau at which he denounced the opposition for attempting to start a restoration movement and defend disgraced cadres. From February 25 to March 18 seven meetings for "political criticism and self-criticism" were held, at which Lin Biao, Jiang Qing and others attacked the leaders of the opposition, going so far as to censure Zhou Enlai in the process. Then, seizing the opportunity to launch a national campaign to "repulse the 'counter current' of the restorationists, which is spreading across the country from the top downward," Lin, Jiang and their respective factions moved to persecute leading cadres at provincial and regional levels. The Political Bureau of the Party Central Committee now replaced by the Cultural Revolution Group, virtually stopped functioning for all intents and purposes.

The nation was in chaos. By early 1967 nearly all Party and government organizations had been deprived of their power or drastically reorganized. Public security agencies, the procuratorates and the courts ceased to operate, while violence and civil strife ravaged the country. Production in factories, mines and other enterprises crawled to a halt, and communication and transportation systems were seriously interrupted. Awakening to the gravity of the situation, Mao Zedong decided to send the

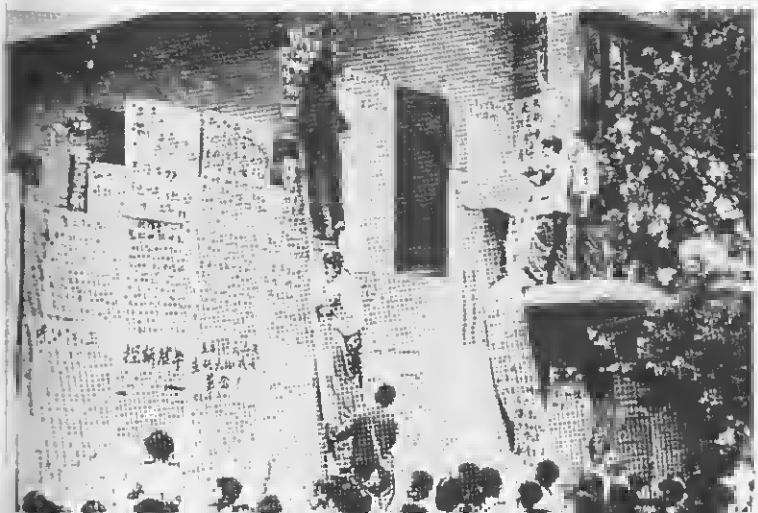
People's Liberation Army to carry out "three supports and two controls"—the support of industry, agriculture and the Left, and the control of all strife-ridden institutions and the political-military training of students. A total of 2.8 million army officers and soldiers were sent to government agencies, schools, shops, factories, mines and villages around the nation, where they joined in the reshuffled local leadership, taking over the duties and responsibilities of the outgoing leading cadres. Though control by the army produced a stabilizing effect, it could by no means ameliorate the situation caused by the basically erroneous orientation of the "cultural revolution." In fact, army support for the "Left" only intensified the undercurrent of factional disputes. Furthermore, the inevitable tensions between army and civilian organizations produced by this move were used by Lin Biao and Jiang Qing to expand their own influence. It was not until August 1972, however, that the Party Central Committee decided to withdraw the military from civilian institutions, and to have the Party committees reinstated.

This disastrous state of affairs was to a large extent caused by the machinations of Lin Biao, Jiang Qing and the "Leftists" under their control. It was to their political advantage to stir up factional antagonism and even armed confrontations, for it was only in a confused environment that they could proceed to persecute high-ranking Party, government and military leaders on trumped-up charges. On March 16, 1967, the Party Central Committee issued "Materials on the Recantation and Treachery of Bo Yibo, Liu Lantao, An Ziwen, Yang Xianzhen and fifty-seven others," condemning these old Communists, who in 1936 had obtained releases from Kuomintang prisons according to a Party decision, as "having voluntarily surrendered to the enemy and turned traitor." Overnight, "digging out turncoats" became a national drive.

Not surprisingly, the digging out of turncoats ultimately led to an intensified denunciation of Liu Shaoqi, who was accused of having pushed a line of recruiting deserters and renegades. A press campaign against "China's Khrushchev" was begun in April, and on July 18 Jiang Qing, Kang Sheng and Chen Boda took

Special Encouragement: On eight different occasions, Mao Zedong, who masterminded the "cultural revolution," reviewed a total of 13 million Red Guards zealots from all over the country, urging them to rebel against and criticize the so-called "capitalist roaders."

Big-character posters, one of the outlets for fervent revolutionary emotions, were seen everywhere on college campuses and city street walls.



A Historic Handshake: After twenty years of confrontation, Sino-U.S. relations began to thaw and move in the direction of normalization.

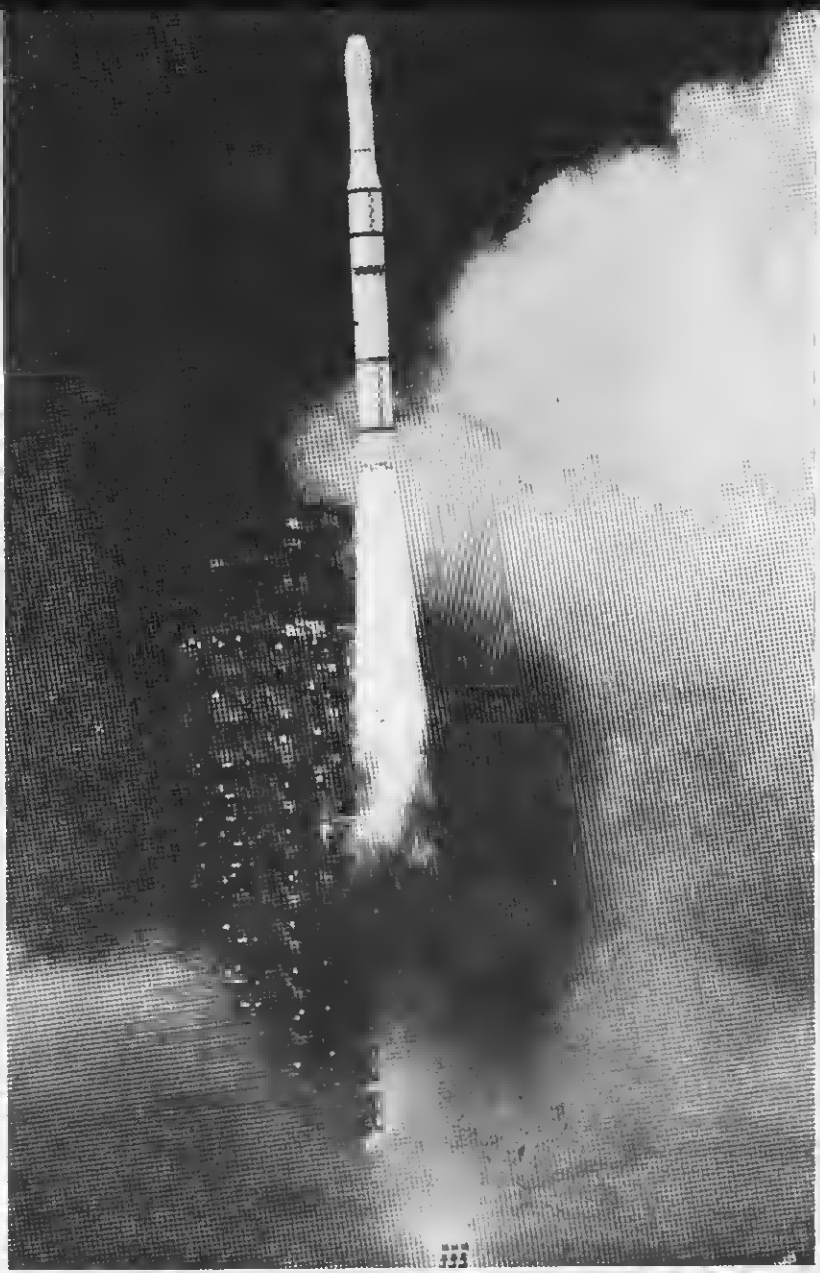
Premier Zhou Enlai met with Prime Minister Kakuei Tanaka of Japan, who visited China in September 1972 at the invitation of the Chinese government.

China Back to the World Forum: Vice-Premier Deng Xiaoping was speaking to the U.N. Sixth Special Session on April 10, 1974. Three years earlier, the 26th General Assembly restored to China all its legitimate rights to the United Nations by an overwhelming majority vote.

The 6,772-metre-long Yangtze River Bridge in Nanjing, completed and open to traffic on December 29, 1968, is a great architectural achievement. This bridge, the longest in the country, links up the Jingpu and Huning railway lines, two communication arteries in East China, to form the present Jinghu Railway Line.

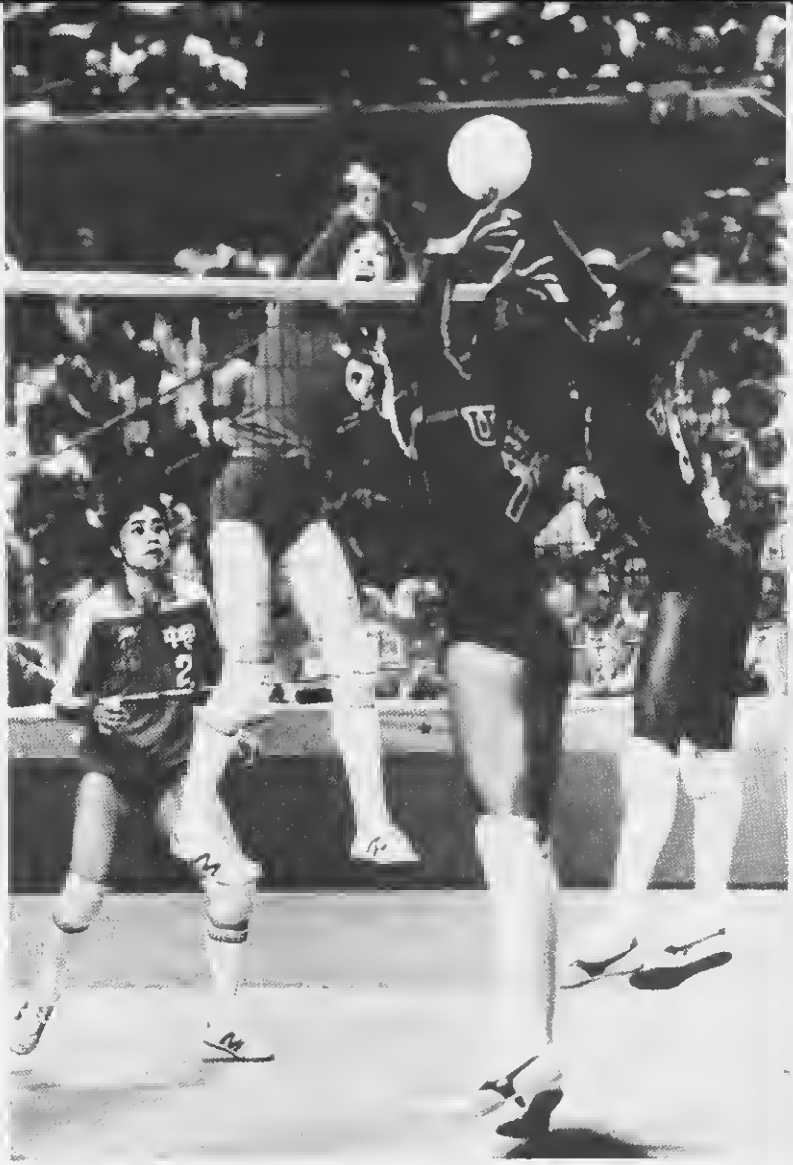
The Mass Defiance: Ignoring a prohibition from the "gang of four," millions of people in Beijing gathered at Tiananmen Square in April 1976 to lay wreaths, put up bills, declaim poems and make speeches in memory of Zhou Enlai. The spontaneous mourning swelled in a few days into an anti-"gang of four" movement that was branded the Tiananmen Incident and that was brutally suppressed by force. But it laid a mass foundation for smashing the Jiang Qing counterrevolutionary clique months later.

Jiang Qing defended herself in the dock before the Special Court established on November 20, 1980, to try the ten principal culprits of the Lin Biao and Jiang Qing counterrevolutionary clique.



A Remarkable Achievement: An experimental communications satellite soaring skyward with China's pride in her space technological prowess.

The Gezhouba Water Conservancy Project on the Yangtze River benefits a drainage area of one million square kilometres and has a storage capacity of 1.58 billion cubic metres and a total generating capacity of 2.715 million kilowatts.



The Los Angeles Games of 1984: Chinese women spikers beat the U.S. team 3:0 in the finals, thus making China the third country in history to reap three consecutive women's volleyball titles: the World Cup, the World Championship and the gold medal at the Olympic Games.

The new look of Shenzhen, one of the four Special Economic Zones in South China.

The Thirteenth National Congress of CPC features the election of a younger, more vigorous and more reform-minded leading body as represented by the five members of the Politburo's Standing Committee: (from left) Hu Qili, Li Peng, Zhao Ziyang, Qiao Shi and Yao Yilin.

At the Tomb of Huangdi, Shaanxi Province, visitors from Taiwan are paying homage to the legendary forebear of the Chinese nation.

advantage of Mao Zedong's absence from Beijing to drive home the attack by searching Liu Shaoqi's residence, subjecting him to physical and mental abuse, forcing statements from persons who had known Liu and forging documents in an attempt to put him to death. Deng Xiaoping, Tao Zhu and his wife were denounced along with Liu, while trumped-up charges were levelled against Zhou Enlai, Zhu De, Chen Yun and other veteran leaders.

The excesses of the "cultural revolution," especially the perverse acts of Lin Biao, Jiang Qing and others, met with widespread opposition from the rank and file as well as high officials. The so-called July Twentieth Incident at Wuhan was a case in point. On July 14 Xie Fuzhi, Vice-Premier and Minister of Public Security, and Wang Li, member of the Cultural Revolution Group, were sent by the Party Central Committee to Wuhan to help resolve differences among local mass organizations. Acting contrary to the instructions of Mao Zedong and Zhou Enlai that they should avoid making public appearances or taking sides with one mass organization over another, Xie and Wang openly labelled one organization of 1.2 million strong "conservative and royalist." Large numbers of soldiers and civilians alike were outraged by this charge, and on July 20 a number of PLA officers and men took Wang to the premises of the Wuhan Command to argue things out with him. There, leaders of the Wuhan Command, sensing the possibility of violence to Wang Li, transferred him immediately to a safer place. Meanwhile, local soldiers and citizens held peaceful demonstrations to voice their resentment against Wang's behaviour, which, they pointed out, could only incite one section of the populace against another.

Through careful manipulation of these facts, Lin Biao and Jiang Qing declared that this was a counterrevolutionary incident and named Commander Chen Zaidao of the PLA's Wuhan Command and some of his colleagues as instigators. On July 25 they called a mass rally in Beijing at which they lauded Xie Fuzhi and Wang Li as heroes of the "cultural revolution," supported the Wuhan "rebel groups" and kicked off the slogan "Overthrow the handful of capitalist roaders in the army." In no time, the

leadership in military institutions throughout the country came under attack.

While many people were physically harassed during the "cultural revolution," Mao Zedong and the Party Central Committee consistently advocated peaceful struggle and warned against violence. Jiang Qing, however, added a new twist on July 22, when she advanced the slogan: "Attack by peaceful means but use arms in defence." Addressing "revolutionary rebels" visiting Beijing from Henan Province, she advised armed defence against armed attack, although she conceded that the rebels should refrain from the use of force when denouncing and criticizing the enemy. This speech kindled the flames of armed conflicts among mass organizations in many parts of the country. The situation was further aggravated by a speech by Xie Fuzbi on August 7. As Minister of Public Security, Xie declared that public security agencies, procuratorates and courts all had to be "smashed" because they were dominated by revisionists. Thus, juridical organs fell into the hands of the rebels. Things became worse when the "revolutionary rebels," incited by a speech by Wang Li on August 7, reached out to the sphere of foreign affairs. The infamous burning of the office of the British chargé d'affaires in Beijing by the Red Guards on August 22 at the instigation of Wang Li almost immediately followed the seizure of power by the rebels in the Ministry of Foreign Affairs.

In essence, the three-month period from July to September 1967 saw the worst turmoil China was to experience throughout the "cultural revolution."

Ironically, it was during this time that Mao Zedong, making an inspection tour of the north, south, central and east parts of China, announced in a series of talks that "the national situation with respect to the Great Proletarian Cultural Revolution is excellent." "If the situation seemed chaotic in some places in the previous period," he continued, "it was a chaos that confused the enemy and steeled the masses." Referring to the growing antagonism between revolutionary mass organizations, he called on them to form "great revolutionary alliances." On the problem of the treatment of cadres, he said, "The great majority of cadres are

good; bad ones are very few... and more of them should be helped through education." Since these statements were based on the false premise that "the situation with respect to the Great Cultural Revolution is excellent," they could not possibly bring about changes in the overall national policy, although they produced some effect on attenuating the struggle against leading cadres and moderating the antagonism between rebel groups, each defending its own "correct line."

Turning a deaf ear to Mao Zedong's instruction to adopt a correct attitude toward cadres, Lin Biao and Jiang Qing looked for more targets among PLA leaders. In March 1968 they staged the "Yang Chengwu-Yu Lijin-Fu Chongbi Incident," fabricating charges against Yang, Yu and Fu, Acting Chief of the General Staff of the PLA, Political Commissar of the PLA Air Force, and Commander of the PLA Beijing Garrison, respectively. They were accused of "reversing the verdict on the February Counter Current, plotting to seize power in the Air Force, and directing an armed assault against the Cultural Revolution Group." On March 22 the Party Central Committee decided to remove Yang, Yu and Fu from their posts, arrested Yu and appointed Huang Yongsheng Chief of the General Staff and Wen Yucheng, already Deputy Chief of the General Staff, concurrently Commander of the Beijing Garrison. The staff of the Executive Office of the Central Military Commission was also reshuffled, and Huang Yongsheng and Wu Faxian, both followers of Lin Biao, were appointed its director and vice-director. With these changes, a major part of the power in the Military Commission fell to Lin Biao and his supporters.

3. The Twelfth Plenary Session of the Eighth Central Committee and the Ninth Party Congress

Beginning with the "January Storm" in Shanghai, by September 1968 the main task of the "cultural revolution" had been

accomplished: "to overthrow Liu Shaoqi's bourgeois headquarters and his agents at local levels." Leading offices of the government in the provinces, municipalities and autonomous regions had been reorganized into revolutionary committees, composed of representatives of the revolutionary masses (i.e., the rebels, revolutionary cadres and the army). In these organs of political power Lin Biao and Jiang Qing had planted their supporters, thereby exercising essential control over the Party and the government machinery.

Conditions were now considered ripe for the convening of the long delayed Ninth National Congress of the Party. To make preparations for that congress, the Party Central Committee convened its Twelfth Plenary Session (Enlarged) from October 13 to 31 under highly abnormal circumstances. Many members of the Central Committee were deprived of their right to attend the meeting, while many of those present at the meeting were still under attack. Mao Zedong set the tone in his opening speech: "The current Great Proletarian Cultural Revolution is absolutely necessary and most timely for consolidating the dictatorship of the proletariat, preventing the restoration of capitalism and building socialism."

The atmosphere at the meeting was strained. From the very beginning, organized attacks were launched in group discussions against Chen Yi, Ye Jianying, Li Fuchun, Li Xiannian, Xu Xiangqian and Nie Rongzhen for their involvement in the so-called February Counter Current and against Zhu De and Chen Yun for their consistent adherence to what was alleged to be "Right deviation." The main item on the agenda, however, was to approve the "Examination Report on the Crimes of Liu Shaoqi, the Renegade, Hidden Traitor and Scab." The report and the "Evidence of the Crimes" attached to the report had been prepared in September 1968 by a special central group controlled by Jiang Qing, Kang Sheng and Xie Fuzhi. There is every evidence that this special group extorted confessions through torture, forged documents, fabricated charges and framed crimes, but the explosive state of intra-Party politics at the time prevented all honest debate, and the report was approved. It was decided

to "expel Liu Shaoqi from the Party permanently and remove him from his posts both inside and outside the Party" and to "continue to expose and criticize Liu Shaoqi and his followers' crimes in betrayal of the Party and the state." Liu himself had been isolated for interrogation, criticized and denounced since the winter of 1966 and was deprived of the right to self-defence in the most glaring travesty of justice in the history of the Chinese Communist Party. In October 1969 Liu, who was by this time seriously ill, was taken under escort from Beijing to Kaifeng in Henan Province, where he died on November 12. The Lin-Jiang clique agitated for the expulsion of Deng Xiaoping from the Party as well, but their proposal was flatly rejected by Mao Zedong.

From April 1 to 24, 1969, the Ninth National Party Congress convened in Beijing. As Party committees in the provinces, municipalities and autonomous regions had not yet been set up and most Party members were still not allowed to take part in normal Party activities, the 1,512 deputies to the congress were selected through "consultation," making it possible for Lin Biao, Jiang Qing and their supporters to control the selection, with the result that even some non-Party persons were present as deputies.

In the name of the Party Central Committee, Lin Biao delivered a political report to the Congress in which, on the basis of the "theory of continuing the revolution under the dictatorship of the proletariat," he extolled the achievements of the "cultural revolution" as "a great new contribution to the theory and practice of Marxism-Leninism." The Congress's approval of this speech and of the new Party constitution legitimized misinterpretations of Marxism-Leninism as guiding principles. Not only was all mention of the rights of Party members dropped from the constitution, but a clause was included in its General Programme, naming Lin Biao as the successor to the Chairman. This was a violation of Party principles unprecedented in the history of the international Communist movement.

Among the 170 members and 109 alternate members of the new Central Committee, only 53 were on the Eighth Central Committee, representing a 70 percent turnover in membership. The most trusted followers of the Lin Biao and Jiang Qing cliques

moved in. The First Plenary Session of the Ninth Central Committee elected Mao Zedong Chairman and Lin Biao Vice-Chairman of the Central Committee, and elected Mao Zedong, Lin Biao, Chen Boda, Zhou Enlai and Kang Sheng to the Standing Committee of the Political Bureau. Out of the 21 members of the Political Bureau, 12 belonged to the Lin Biao and Jiang Qing cliques, and such long tested leaders as Chen Yun, Li Fuchun and Chen Yi were not reelected.

4. The Campaign of "Struggle, Criticism and Transformation"

The Party's Ninth National Congress put forward that after the founding of revolutionary committees in all provinces, municipalities and autonomous regions, the revolution would not yet have come to an end, and it was necessary to conscientiously wage a campaign of struggle, criticism and transformation. The main components of this campaign were to launch revolutionary criticism, purify the class ranks, consolidate and rebuild the Party, and carry the revolution in the realm of the superstructure through to the end.

In the campaign of criticism many Marxist maxims and sound policies were repudiated. For instance, the socialist principle of "distribution according to work" was misinterpreted as a vindication of bourgeois right; study of the advanced technology and experience of developed countries was labeled as "worship of the foreign" and "philosophy of servility to things foreign;" the teachers' effort to improve teaching quality and the students' academic pursuits were spurned as "overemphasis of intellectual development" and "taking the road of bourgeois specialists;" the Party's united front policy was denounced as "Right capitulationism;" and Party members who subordinated themselves to Party leadership and abided by Party rules were called names such as "slaves" or "lambs." These criticisms, couched in revolutionary language, caused ideological obfuscation.

Purification of the class ranks referred to the campaign in the second half of 1968 and early part of 1969 to ferret out "renegades, enemy agents, persons in power at middle and lower levels taking the capitalist road, as well as unreformed landlords, rich peasants, counterrevolutionaries, bad elements and Rightists who have wormed their way into the revolutionary ranks." On the basis of various false charges many cadres, workers, peasants, intellectuals, members of China's democratic parties and returned overseas Chinese were wrongly persecuted, and even their families, relatives and friends were implicated. The luckier ones were censored or publicly criticized; the less lucky were detained or tortured; some died of persecution.

Soon after the "cultural revolution" started, the activities of Party organizations at all levels came to a standstill. The Party's Ninth National Congress, held in 1969, declared the smashing of the so-called bourgeois headquarters inside the Party, headed by Liu Shaoqi, and raised the question of consolidating and rebuilding the Party. The principle put forward by Mao Zedong was to "get rid of the stale and take in the fresh." The "stale" referred to the "renegades, enemy agents, absolutely unrepentant capitalist roaders and other alien class elements," while the "fresh" referred to those who rose to revolt in the "cultural revolution." As a result, though the majority of the Party members gradually resumed their Party activities, some continued to be slandered and were wrongly expelled from the Party. In turn, some smash-and-grabbers in the "cultural revolution" and other self-seekers were admitted into the Party and put in important positions.

During the campaign of "struggle, criticism and transformation" a "revolution in the realm of superstructure" was launched simultaneously to ensure "all-round proletarian dictatorship" over the entire cultural field. The policy of "letting a hundred flowers blossom and a hundred schools of thought contend" was thus rejected. Universities and colleges stopped the enrollment of new students soon after the beginning of the "cultural revolution." By June 1970 colleges and universities started to enrol students with some work experience from among workers, peasants and soldiers. They must have the recommendation of their

colleagues and the approval of their superiors before admission to the universities. Besides studying, these worker-peasant-soldier students were told to "administer the university, and transform it with Mao Zedong Thought." The college course was shortened from four years to three, and the curriculum was drastically curtailed at the cost of lowering the academic level. This so-called educational reform completely disrupted the educational system and intensified confrontation between the faculty and the students. In primary and secondary schools students were much influenced by the fallacious slogan "study is useless" and threw discipline overboard.

The National Conference on Educational Work held in April 1971 made two "estimates": "Chairman Mao's proletarian educational line has not been carried out" in the seventeen years since the founding of New China, during which period "the bourgeoisie has exercised dictatorship over the proletariat"; the majority of the teachers and the majority of the students educated in the seventeen years were "basically bourgeois in ideology and belong to the category of bourgeois intellectuals." For a time these two "estimates" dampened the spirit of Chinese intellectuals, causing great harm to China's educational programme.

The campaign of "struggle, criticism and transformation" was, in effect, a complete denial of the great achievements and valuable experience gained in the seventeen years after the founding of the People's Republic of China. It was the direct outcome of the "Left" ideology that took hold throughout the "cultural revolution."

5. The Collapse of the Lin Biao Clique

After three chaotic years since 1966, China was longing for internal peace and order. However, the principles adopted at the Ninth Party Congress were to prevent the realization of this popular wish for some time to come. Although the Lin Biao and Jiang Qing cliques both flouted the wishes of the people, cultivated the cult of the Chairman to win his trust and exploited the

"cultural revolution" to their own advantage, they represented two distinct careerist groups, each aiming at the seizure of supreme political power. After the Ninth Congress most of this power fell to Lin Biao and his followers. However, the possibility of losing out to Jiang Qing and Zhang Chunqiao put him on tenterhooks. The Fourth National People's Congress gave him an opportunity to try to beat his rivals.

On March 8, 1970, Mao Zedong put forward his proposals to the Fourth National People's Congress. These included amending the Constitution, changing the system of state leadership, and removing the post of state chairman. The Party Central Committee convened a working conference on March 17 to discuss the issue and it soon became clear that a majority of the participants supported abolition of the chairmanship. At this point Lin Biao stepped forward to oppose Mao Zedong's proposal, arguing that the post should be preserved and that Mao Zedong should have it. Later evidence confirmed the Central Committee members' suspicion that Lin Biao was reserving the position for himself, for in July 1970 Ye Qun, his wife, was reported as having said to Wu Faxian, Commander of the PLA Air Force, "If there were no chairman of the state, where would you put Lin Biao?"

A second disagreement at the meeting came up over the use of the term "genius" in the revised draft constitution. For a long time Lin Biao, Kang Sheng and others had been making the claim that "Mao Zedong Thought is the culmination of Marxism-Leninism." In *Quotations from Chairman Mao*, edited under Lin's direction, every entry was glorified as an absolute truth, and as such, these quotations were to be memorized and obeyed to the letter. In October 1968 at a discussion of the draft of the Party constitution Mao Zedong had cut several words from the passage "He [Mao] has inherited, defended and developed Marxism-Leninism *with genius and creativity and in an all-round way*, advancing it to a higher and completely new stage." Lin Biao and his followers insisted on restoring Mao's deletions. At the time even Mao had begun to suspect the motive behind Lin's insistence on the term "genius," for Lin had been recorded as saying of himself, "There're no two ways about it, I've got a capable brain."

Indeed, Lin Biao's supporters were already openly building him up as a "genius" and preparing the public for his succession to the chairmanship.

On August 23, 1970, the Second Plenary Session of the Ninth Central Committee was convened at Mount Lushan, in Jiangxi Province and presided over by Mao Zedong. On the agenda were amendment of the state constitution, formulation of the national economic plan, and preparation against war. But before the agenda was taken up, Lin Biao came out with an unscheduled long speech, playing up the issue of "genius," which was, in reality, an attempt to pave the way for Lin's assumption of state chairmanship. The agenda of the meeting was upset. Wu Faxian asked the participants to study and discuss Lin's speech, and Chen Boda hurriedly distributed conference bulletins based on the discussion of the group of deputies from north China, who praised Lin Biao and insisted on maintaining the post of state chairman. Ever sensitive to the possibilities of conspiracy, Mao Zedong convened an enlarged meeting of the Political Bureau's Standing Committee on August 25, where it was decided to stop the circulation of Lin Biao's speech and the maneuverings of his faction. In private talks with Chen Boda and Wu Faxian, Mao and Zhou Enlai severely reprimanded them, ordering them to make self-criticisms before the Central Committee. The Plenary Session decided to examine the case of Chen Boda. Thus, Lin Biao's vaulting ambition was temporarily thwarted. Lin's clique, however, was not to be reconciled to its failure. The next step could only be an armed coup d'état.

Both sides, now, were on the alert and acted accordingly. Immediately after the Second Plenary Session, a campaign to criticize Chen Boda and consolidate Party leadership went under way. The Central Committee and Mao Zedong also criticized Lin and his followers and tried to bring them around. For their part, Lin Biao's clique made perfunctory self-criticisms before the Central Committee while preparing in earnest a decisive military takeover. As early as October 18, 1969, on the pretext of "strengthening war preparedness against surprise attacks by the enemy," Lin Biao unilaterally issued an "emergency directive," putting the

whole army in combat readiness. This military exercise, actually intended to be a rehearsal for the coup, had been discovered and checked by Mao Zedong. Forced into greater secrecy, Lin Biao colluded with Chen Boda to seek the help of Huang Yongsheng, Wu Faxian, Li Zuopeng and Qiu Huizuo, all military leaders holding key posts. They formed a group. In October 1970, under Lin Biao's instruction, a special military detachment, named the "joint fleet," was established, with Lin Biao's son, Lin Liguo, in command.

In February 1971 Lin Liguo drew up the plan of action named "Outline of Project 571." The plan was to "take preemptive action" and "catch the whole lot in a dragnet while all the high-ranking officials are at a meeting," or to kill Chairman Mao Zedong by any means—bombing, a staged accident or kidnapping. Acting in accordance with this plan, Lin Liguo had set up a "command panel" in Shanghai, appointed three chief commanders in Nanjing, Shanghai and Hangzhou, respectively, and organized a special secret service.

Sensing the menacing situation, the Party Central Committee decided in the latter half of 1971 to convene the Third Plenary Session of the Ninth Central Committee and the Fourth National People's Congress before October 1, the National Day. Terrified that his clique might be exposed at the Plenary Session, Lin Biao stepped up preparations. Mao Zedong, however, beat him to the draw. Leaving Beijing in mid-August 1971, he set off on an inspection tour of the South. In his conversations with regional Party, government army leaders, he revealed: "Someone is eager to become the state chairman; he wants to split the Party and is anxious to seize power." He added that Lin Biao "should share some of the responsibility for all that happened [the intra-Party struggle] at Mount Lushan."

Lin Biao and Ye Qun got wind of Mao Zedong's remarks through their agents in the provinces and, sensing that their position was extremely precarious, decided to stage the coup by assassinating Mao in the middle of his tour. On September 8 Lin Biao gave the order to go into action. Lin Liguo in Shanghai set his plan in motion. But Mao Zedong had already received reports

of the unusual activities of Lin Biao's men and quickly changed his itinerary. On September 10 he suddenly left Hangzhou, stopping in Shanghai for a short while without getting off the train, and then headed directly for Beijing.

Lin Biao, however, fell back on a premeditated plan. On September 12 he issued a secret order from Beidaihe, the summer resort town on the Bohai seacoast, requesting Beijing to send seven airplanes and a special plane, Trident No. 256. His plan was to flee to Guangzhou with Huang Yongsheng, Wu Faxian, Li Zuopeng and Qiu Huizuo, where he would set up a rival Party Central Committee. However, things moved against him. On the night of the same day, Lin's personal guards decided to report to the Central Committee and to Zhou Enlai his unusual request for airplanes. Zhou Enlai immediately ordered tracing the Trident No. 256 on the radar. In the early hours of September 13, knowing that there was little time left, Lin hurriedly boarded the Trident in the company of Ye Qun, Lin Liguo and six others, attempting to flee the country. When notified that the plane had taken off in a northwestly direction, Zhou Enlai rushed to ask Mao Zedong for instruction. In a moment of wit, Mao Zedong is said to have answered, "Can we prevent the rain from falling, or a woman from remarrying if she wants to? Let him go."

Lin Biao's plane crashed at Undur Khan in the People's Republic of Mongolia, and all on board were killed. The remaining members of his clique were either arrested or committed suicide. Thus this counterrevolutionary coup d'état was aborted.

6. Zhou Enlai Took Charge

With the exposure of the Lin Biao clique, China entered a phase of relative social stability and economic recuperation. Across the nation Party members and the common people stood up to denounce the clique. In August 1973 the Party Central Committee approved the "Report on the Investigation of the Counterrevolutionary Crimes of the Lin Biao Anti-Party Clique" prepared by the special group for the examination of the case and

passed a resolution expelling from the Party Lin Biao, Ye Qun and their supporters, Chen Boda, Huang Yongsheng, Wu Faxian, Li Zuopeng and Qiu Huizuo, stripping them of all posts inside and outside the Party. Mao, of course, supported this move—he had learned a bitter lesson. But, more importantly, this was heartening news for all who had had misgivings about Lin and for those who had opposed or suffered from the "cultural revolution."

This struggle to reinstitute correct economic and social policies was not an easy one, for Lin Biao and his ilk had pushed ultra-Left policies to such extremes as to grossly distort basic Marxist principles.

Under the direction of Zhou Enlai, administrative and economic measures that had proved effective in the past were reintroduced. In agriculture Zhou stressed the necessity of keeping to the system of three-level ownership, with production teams at grassroots level as the basic accounting unit, and income distributed on the socialsit principle of "to each according to his work." He maintained that allowing commune members to reserve small plots of land for their own use and engage in sideline production was necessary at this stage of socialist evolution and that a diversified rural economy encouraged by the government should not be mistaken for a tendency toward capitalism. Ultra-Left policies such as the hasty expansion of communes and merging of production brigades and the emphasis on egalitarianism through wholesale sharing of resources were checked. In industry Zhou set out to redress anarchy in production, urging improvements in management based on appropriate rules and regulations, fuller utilization of the experience of veteran and skilled workers, and greater attention to the quality of products. The slogans of the Lin Biao clique—"First priority to politics" and "Let politics take command"—virtually stifled all efforts at improving efficiency and profit. Zhou Enlai maintained that in industry, putting politics in command should be translated into specific measures to raise professional competence.

Zhou's labours bore immediate fruit. Quality in industrial products improved, and peasant incomes went up noticeably. The

gross output value of industry and agriculture in 1972 increased 4.5 percent over 1971, and that in 1973 rose 9 percent over 1972.

Perhaps the most sensitive issue Zhou faced was implementation of the new Party policy toward cadres—rehabilitating leading cadres who had been attacked during the earlier stages of the "cultural revolution" and assigning them jobs. From the very outset, Zhou Enlai's role had been one of protector and moderator, and now, with the removal of Lin Biao and his faction, he continued his efforts to reinstate veteran cadres. On January 10, 1972, at the memorial service for Marshal Chen Yi, Vice-Premier and Foreign Minister, who had died four days earlier, Zhou Enlai read a eulogy to Chen Yi's great contributions to the cause of revolution. This amounted to a redressing of wrongs committed against all veteran cadres accused in the "February Countercurrent" incident. On April 24 of the same year, under the personal direction of Zhou Enlai, the *People's Daily* published an editorial entitled "Learn from Past Mistakes; Cure the Illness to Save the Patient" that stressed the need for faith in the great majority of cadres, particularly in veteran cadres who had been tempered in pre-Liberation revolutionary struggles and were "the treasures of the Party." From that point on, large numbers of leading officials in various government departments, in the Party, and in the army who had been dislodged from their posts, and banished to the countryside to do manual labour, were reinstated. Then in March 1973, at the proposal of Mao Zedong, the CPC Central Committee decided to reinstate Deng Xiaoping. Finally, in September 1974 the Party Central Committee posthumously rehabilitated Marshal He Long, member of the Political Bureau, Vice-Chairman of the Central Military Commission and Vice-Premier of the State Council, who had died in June 1969 at the hands of the Lin Biao and Jiang Qing cliques.

It was during this period of stability that China reentered the arena of world diplomacy. On October 25, 1971, the seat of the People's Republic of China in the United Nations was restored, following a resolution passed by an overwhelming majority at the twenty-sixth U.N. Assembly. At the same time the representatives of the Chiang Kai-shek regime were expelled from all

organizations of the United Nation. Then, on February 21, 1972, at the invitation of Premier Zhou Enlai, U.S. President Richard Nixon visited China. After more than two decades of confrontation, China and the United States jointly issued the epic Shanghai communiqué, marking the first step toward normalization of relations between the two countries. On September 25 Japanese Prime Minister Kakuei Tanaka visited China, and four days later a joint statement of the two governments was signed in Beijing that officially put an end to the state of war between the two countries and announced normalization of relations. Following this, a number of other countries also established diplomatic relations with China. The marked improvement in China's international status not only promoted trade and technical exchanges with foreign countries, but also eased tensions throughout Asia and aided in safeguarding world peace.

Understandably, Zhou Enlai's efforts to eliminate ultra-Left tendencies in government and Party policy met resistance from the Jiang Qing faction. Jiang Qing, Zhang Chunqiao and Yao Wenyuan, for their part, identified a threat of "ultra-Right" tendencies, calling the *People's Daily* article of October 14, 1972, which criticized anarchism and other ultra-Left manifestations, a "poisonous weed," and accused this article of negating the "cultural revolution." Mao Zedong, whose say in these debates over the "correct line" was decisive, deemed the ultra-Right tendencies in the Party more dangerous than those of the ultra-Left and came out in support of Jiang Qing and her faction over Zhou Enlai. Late in 1973 the Jiang Qing faction launched a retaliatory movement to oppose the "resurgence of Right deviation." Instantly, all the projects, plans and preparations Zhou had made for strengthening the economy and stabilizing the country came screeching to a halt.

The Chinese Communist Party held its Tenth National Congress in Beijing in August 1973. The message was clear: "The political and organizational line of the Ninth National Party Congress is correct." Despite Zhou Enlai's political report criticizing the crimes of the Lin Biao clique, the congress was not prepared, and in fact made it impossible, to draw the correct

historical conclusion from the catastrophe of the "cultural revolution." In the election to the Central Committee, the increase in the number of veteran Party members, such as Deng Xiaoping, Wang Jiaxiang, Ulanhu, Li Jingquan, Tan Zhenlin and Liao Chengzhi, only recently rehabilitated after the attacks and ostracization of the "cultural revolution," was amply counterbalanced by the election of a large number of solid supporters of Jiang Qing. In leading positions, Mao Zedong continued as Chairman with Zhou Enlai, Ye Jianying and Li Desheng as Vice-Chairmen. Wang Hongwen and Kang Sheng were also elected Vice-Chairmen. Wang Hongwen, originally a rebel leader in Shanghai, had risen to prominence in the January Storm of 1967 and become deputy head of the Shanghai Revolutionary Committee. After Lin Biao's death he was picked by Mao Zedong to be his de facto successor. Zhang Chunqiao was elected a Standing Committee member of the Political Bureau and Jiang Qing and Yao Wenyuan were elected to the Political Bureau. This marked the official inception of the Gang of Four within the Political Bureau of the Party.

On Mao Zedong's proposal, in December that year the Central Committee of the CPC decided that Deng Xiaoping should become a member of the Political Bureau and take part in the leadership of the Central Committee in such capacity.

7. Defeat of the "Cabinet" of the Gang of Four

At the close of the Tenth National Party Congress preparations were made for convocation of the Fourth National People's Congress, which had been postponed because of disruptions by the Lin Biao clique. For Jiang Qing and her supporters this was a prime opportunity to form, in effect, their own cabinet to usurp state and Party power. The biggest obstacle in their way was Zhou Enlai. To sway public opinion in their favour, on January 18, 1974, the Gang of Four launched the movement to "criticize Lin

Biao and Confucius."

This movement involved perhaps the most fantastic twists and turns of political analogy and implication of this period. The initial material under debate, "Lin Biao and the Ways of Confucius and Mencius," in fact criticized neither Lin Biao nor Confucius so much as attacked the "Duke of Zhou,"[3] an obvious allusion to Zhou Enlai, for "restoring the old system and turning the wheel of history backward." Mao Zedong was symbolized by Qinshihuang, the emperor who unified China, lifted her out of the system of slavery and silenced the opposition of the reactionary slaveholding class. Presenting the whole history of China as a struggle between the Confucian and the legalist schools, Jiang Qing and her supporters crowned themselves "the progressive and renovating legalists" engaged in a historic battle against restorationism. To prepare public opinion for Jiang Qing's rise to the chairmanship, Empress Wu Zetian of the Tang Dynasty (618-907) was lauded to the skies.

On January 24 and 25, 1974 Jiang Qing stepped up the intensity of the campaign. Without the prior consent of the Political Bureau, she called a mobilization meeting of the People's Liberation Army units in Beijing on the twenty-fourth and a similar meeting of the departments under the CPC Central Committee and the State Council on the twenty-fifth. Posing as top leader of the Party and state, she made speeches aimed at instigating a direct attack on Zhou Enlai and other leading comrades. She sent, in her own name, letters and materials to army and government institutions to fan the flames of political unrest, emphasizing the need to "hunt out disciples of Confucius." This rabble rousing allowed her to replace leaders in key ministries and departments throughout the nation with her followers, thereby facilitating the creation of her own cabinet.

Not surprisingly, this call to action had a directly negative effect on the economic and social situation of the nation so recently stabilized through the policies of Zhou Enlai. Industrial production in the first half of 1974 dropped sharply. Compared with the same period in 1973, output of coal dropped 6.2 percent, railway freight volume, 2.5 percent, steel, 9.4 percent and chem-

ical fertilizer, 3.7 percent.

It did not take long for Mao Zedong, who had initially approved the launching of the movement to criticize Lin Biao and Confucius, to see how Jiang Qing and her supporters were taking advantage of the ensuing tensions. Coining the sobriquet "gang of four," he severely reprimanded them and took measures to neutralize their power in state politics. Most significantly, on October 4, 1974, when Zhou Enlai was hospitalized, he proposed that Deng Xiaoping be reinstated as the first Vice-Premier of the State Council.

This proposal was an immediate threat to the power of the Jiang-Zhang-Yao-Wang clique and their counteraction was swift. On October 18 Wang Hongwen set off for Changsha, where Mao Zedong was convalescing, without notifying the Political Bureau. Hoping to gain Mao's support, Wang insinuated, "There is a smell of the politics of the Lushan meeting [held in 1970, at which Lin Biao attempted to usurp Party power]. Premier Zhou is supposed to be ill in the hospital, but people go there talking with him until midnight almost every day."

Mao, however, was not swayed by Wang's insinuations in the direction he had hoped. Instead, he put Zhou Enlai in charge of the Fourth National People's Congress and recommended Deng Xiaoping as Vice-Chairman of the Party Central Committee as well as First Vice-Premier of the State Council, Vice-Chairman of the Central Committee's Military Commission and Chief of General Staff of the People's Liberation Army. He reprimanded Wang and, on November 12, warned Jiang Qing against "trying to form a cabinet and acting as the boss behind the scene." Jiang Qing's reply to the Chairman completely disregarded his warning and directly requested position and power by recommending Wang Hongwen to be Vice-Chairman of the NPC Standing Committee. Mao saw through her motive and the danger it might entail to the nation, pointing out that "Jiang Qing has wild ambitions. She wants Wang Hongwen to be NPC Chairman, while she herself would take up the post of Party Chairman." Because of this criticism by Mao and the resistance of Zhou Enlai and Deng Xiaoping, the Gang of Four was forced to

abandon the attempts to form their own cabinet.

The First Session of the Fourth National People's Congress was held in Beijing from January 13 to 18, 1975. Despite his bad health, Zhou Enlai made the government report to the congress, affirming the necessity for the realization of the four modernizations—modernization in agriculture, industry, national defence and science and technology—by the end of the century, a programme that reflected the common desires of the Chinese people. The congress then adopted the revised Constitution of the People's Republic of China, approved the government report, elected the Standing Committee, with Zhu De at its head, appointed Zhou Enlai as Premier and Deng Xiaoping as Vice-Premier, and announced a cabinet composed of a good number of veteran cadres. The decision by the Fourth National People's Congress to place Zhou and Deng at the nucleus of the policymaking organs of the central government frustrated the Gang of Four's attempt to seize government power.

8. Rehabilitation Under Deng Xiaoping

Zhou Enlai's illness grew serious after the Fourth National People's Congress, and Deng Xiaoping, with the support of Mao Zedong, handled the daily affairs of the Party and the government. For a second time, policies were instituted to restore national unity and stability and rehabilitate the economy crippled by the movement to criticize Lin Biao and Confucius and by the "cultural revolution" in general.

Deng began with a thorough overhauling of the railways, then in a state of disorder that seriously encumbered industrial production and urban life across the nation. The Ministry of Railways instructed all railway bureaus to reorganize and strengthen their leading bodies and ferret out the handful of ringleaders who were sabotaging railway transportation. Within a month's time in March and April bottlenecking on the trunk lines was eliminated, while railway freight volume in 1975 rose 12.7 percent, as against a 5.3 percent drop the previous year.

Deng Xiaoping went on to tackle the problems of stagnation in industrial production. Gross industrial output value increased 15.1 percent in 1975 over an increase of 0.3 percent in 1974. Output of steel, coal, electricity and cotton yarn also improved, in marked contrast to the steady decline in the previous few years.

In agriculture, through implementation of Party policies toward rural economy and cadres, which had been disrupted by the "cultural revolution," peasant initiative was again brought into play. Total agricultural output value in 1975 rose 4.6 percent over the preceding year.

Deng's new army policy stressed the necessity of stronger organization and discipline and of promoting unity between the army and the government, between the army and civilians and among army units themselves. Problems of a swelling administration, lack of discipline, arrogance, extravagance and laziness, Deng pointed out, had to be overcome if improvements were to be seen in national defence.

When Deng took over government administration, the situation in the fields of science, education and culture was desperate. Jiang Qing's cultural dictatorship had virtually paralyzed scientific research and thrown schools into utter chaos, with teachers facing disrespectful and unwilling pupils. Her ban on the great majority of literary and art works had left only eight "model revolutionary theatrical works,"[4] mostly Peking opera, available to the public. The cinemas had little to show but newsreels, and popular modern drama was totally banned.

Deng's policies completely reversed "cultural revolution" attitudes towards the arts and sciences. Scientific research, Deng declared, must inform economic development, good scientists should be given encouragement, and cadres with administrative skills and a strong devotion to the Party should be chosen to provide support and facilitate the work of these scientists. Those who were unfamiliar with or uninterested in science and technology or who showed factious tendencies should be removed from their posts in scientific institutions. In education Deng urged discipline, studiousness and respect for teachers. At a time when "worker-peasant-soldier students" were being recommended for

college enrollment on political criteria, he ruled that senior middle school graduates good at mathematics, physics and chemistry be enrolled in institutes of science and technology. Dismayed by Jiang Qing's tight control over the arts, Deng relaxed censorship and approved the release of a number of film that had been banned as "poisonous weeds" by the Gang of Four only a few years earlier. Intellectuals, still known by their label "stinking Number 9,"[5] at last saw a gleam of hope.

9. The Criticize-Deng Campaign

Deng's effort at policy rectification took place within the context of an on-going struggle with the Gang of Four. In December 1974, when Mao Zedong called for a study of the "theories of the proletarian dictatorship," the gang leaped at this opportunity for a comeback. Yao Wenyuan published his article, "On the Social Basis of the Lin Biao Counterrevolutionary Clique," in March, intimating that "the principal danger for the present time is empiricism." The thrust of this attack was aimed indirectly at Zhou Enlai and Deng Xiaoping.

An understanding of Mao's own ambivalence on the issues involved in this struggle is essential for an understanding of the events of the period. Initially, Mao criticized Yao for his attack on empiricism, and openly warned the Gang of Four at a Political Bureau meeting on May 3 not to carry on factional activities within the Party. Criticism by the Political Bureau and by the Chairman himself compelled Jiang Qing and her followers to restrain themselves, and the work of reorganization and rectification, initially backed by the Chairman, continued relatively unhampered.

However, as the movement for rectification developed in breadth and depth, the basic question of the correctness or otherwise of the "cultural revolution" and its "Left" ideology unavoidably called for definitive answers. To Mao, a thorough repudiation of the Great Proletarian Cultural Revolution, in which "one class had overthrown another," was quite intolerable.

This sense of pride and lingering uncertainty was seized upon by the Gang of Four. From the end of September to the beginning of November, 1975, Mao Yuanxin,[6] already well rooted in the Jiang Qing faction, lodged complaints with the Chairman against Deng Xiaoping and his policies of rehabilitation. "I feel," he said, "a gust of wind, somewhat stronger than that of 1972 when some people tried to negate the 'cultural revolution' under the pretext of criticizing ultra-Left ideas. I have paid close attention to the remarks of Comrade Xiaoping, and I feel there is a problem of his talking too little about the achievements of the 'cultural revolution' and the criticism of Liu Shaoqi's revisionist line." For some complex political and personal reasons, these innuendoes rang true to Mao Zedong who concluded, "There are two kinds of attitude. One is discontent with the 'cultural revolution' and the other is settling accounts with the 'cultural revolution.'" Mao's distinction between doubts about specific issues arising from the "cultural revolution" and downright repudiation of its policies placed Deng Xiaoping squarely on the wrong side.

Tensions came to a head in September and October 1975 when Liu Bing, Deputy Party Secretary of Qinghua University, and some others wrote to Mao Zedong to inform him of ethical problems in the personal relations between Chi Qun, Party Secretary of the university, and Xie Jingyi, deputy Party secretary, both trusted agents of Jiang Qing. Following normal procedure, Liu Bing sent the letter to Deng Xiaoping, who forwarded it to the Chairman. To the surprise of many, Mao Zedong declared that Liu Bing and the others had written the letter "with improper motives" and that they were actually spearheading an attack against the Chairman himself. Since the letter came to him via Deng, the implication was that Deng had shielded and supported the writers of the letter. Thus Mao launched the movement to "criticize Deng and repulse the Rightist restoration."

The Jiang Qing clique was delighted at this turn of events. Under the pretense of unfolding a "debate on the revolution in education" they turned out one article after another to shape public opinion against Liu Bing and his associates, accusing them of trying to negate the educational revolution and deny the

correctness of the "cultural revolution." The campaign was extended into the fields of literature, art, science and technology. Distorting excerpts from speeches by Deng Xiaoping and other Party and State Council leaders, they organized attacks on three prinicpal documents—"On the General Programme for the Work of the Whole Party and the Whole Nation,"[7] an outline of a report on the Chinese Academy of Sciences, and a State Planning Commission document on problems in speeding up industrial development. Deng's set of policies was characterized as "pushing the revisionist programme," an "all-round restoration of the revisionist line." The policy to develop production was scornfully regarded as a manifestation of "the theory of the exclusive importance of productive forces," and the reinstated veteran cadres were labelled as "the reinstituted corps of the landlords and the bourgeoisie." Once more, the social and economic order of the country was disrupted and attempts at rehabilitation, discontinued.

10. The Tiananmen Incident

The movement to criticize Deng Xiaoping and repulse the "Rightist restoration" was imposed on the people from above and contradicted popular sentiment. With the passing away of Zhou Enlai on January 8, 1976, this popular discontent finally found its voice.

Zhou Enlai's loyalty to the Party and to the people never wavered. He fought untiringly lifelong for the liberation of the Chinese people and for communism. During the "cultural revolution" he had made painstaking efforts to struggle against Lin Biao and Jiang Qing's factions and by using his influence protected a large number of Party and non-Party people. Revolutionary peoples the world over think of Zhou Enlai with deep respect and affection. Sorrow at the loss of this great man was felt all the more acutely as the danger of usurpation by the Gang of Four became more immediate.

The Gang of Four, though delighted with the disappearance

of the main obstacle in their way, were now faced with the problem of how to deal with the spontaneous popular movement to-mourn the Premier. No fewer than a million people, many with moistened eyes, braved the cold to line three or four deep a stretch of five kilometres along the Chang'an Boulevard to bid farewell to their beloved Premier as the hearse carrying his remains moved slowly toward the Babaoshan cemetary. Panicking, the Gang of Four issued orders forbidding the wearing of black armbands, making of wreaths, holding of memorial meetings or displaying of wall portraits of Zhou Enlai. Then, on March 25, their mouthpiece at the time, the *Wen Hui Bao*, carried an article attacking Zhou Enlai and Deng Xiaoping: "That capitalist roader in the Party had wanted to reinstate another capitalist roader, who has been overthrown but still refuses to repent."

Students in Nanjing were first to organize denunciations of the Gang of Four's slurs of the Premier. Carrying posters reading "Down with Zhang Chunqiao," they held memorial services at Meiyuan Villa, where the late Premier had lived during the Kuomintang-Communist negotiations in the 1940s, and at Yuhuatai, the graveyard of revolutionary martyrs. These activities were immediately suppressed.

In Beijing the traditional early April Tomb-Sweeping Festival to honour the dead became the focus of activity. People gathered in front of the Monument to the People's Heroes in Tiananmen Square to express their grief and respect by presenting funeral wreaths and baskets of flowers, passing out leaflets, reciting poetry and making speeches. These activities climaxed on April 4, the festival day, when two million people flocked to the Square to hold a massive demonstration, defying the bans imposed by the Gang of Four.

That evening, Hua Guofeng, who had been named Acting Premier of the State Council after Zhou Enlai's death, called a meeting of the Political Bureau to discuss the situation. Under pressure from the Gang of Four, the Bureau determined that this massive action was a "preconceived and well organized counter-attack of a counterrevolutionary nature." Jiang Qing demanded the removal of all the wreaths and the arrest of those making

"counterrevolutionary speeches" that same evening. The workers' militia was called out to surround the monument and prevent people from more displays of respect, and the troops of the Beijing garrison were alerted for action.

On the morning of April 5 people, returning to Tiananmen Square, found that their wreaths were all gone and some of the bravest among them had been arrested. Irate, they shouted such slogans as "Return our wreaths!" and "Return our comrades-in-arms!" Run-ins with militiamen, police and soldiers ensued. That evening a speech by Wu De, First Party Secretary of Beijing Municipality, was broadcast over the square, calling the flare-up a "counterrevolutionary political incident." Militiamen, police and the Beijing garrison took action to blockade the Square, manhandled the protesters and made many arrests. Deng Xiaoping was labelled "the chief behind-the-scene manipulator" and on April 7, at the proposal of Mao Zedong, was "stripped of all posts inside and outside the Party," though his Party membership was left intact for future review. Hua Guofeng was appointed First Vice-Chairman of the CPC Central Committee and Premier of the State Council.

11. The Downfall of Gang of Four and the End of the "Cultural Revolution"

Though the Tiananmen mass action in support of the correct Party line represented by Deng Xiaoping, paved the way for the ultimate smashing of the Jiang Qing counterrevolutionary clique, a series of incidents following this one placed the Party and the state in grave danger. In June 1976 the Party Central Committee officially informed all Party members that Chairman Mao Zedong was seriously ill. On July 6 Marshal Zhu De, long-term member of the Standing Committee of the Party Political Bureau and Chairman of the NPC Standing Committee, passed away. Then on July 28 a violent earthquake ravaged the area around Tangshan in Hebei Province, causing tremendous losses in lives

and property.[8] Finally, on September 9, 1976 the Chairman of the CPC Central Committee and great leader of the Chinese people, Mao Zedong, passed away.

With the country thrown into deep mourning, Jiang Qing and her clique got ready for their final move. On the very day of the Chairman's death they issued a national circular in the name of the General Office of the CPC Central Committee, requesting reports on all problems of major importance across the country in an attempt to monopolize communications between the Party Central Committee and the Party committees in the provinces, municipalities and autonomous regions and put the entire country under their command. From September 12 onwards Yao Wenyuan and others secretly arranged for people to write letters of allegiance to Jiang Qing, requesting that she take over as Party leader. Wang Hongwen had his portrait and speech prepared for inauguration as head of state, and Zhang Chunqiao worked out plans to crush the opposition in the name of "suppressing counterrevolutionaries." Fabricating Chairman Mao's last words —"Act according to established principles"—they publicized a rumour that the Party Central Committee had tempered with these principles, openly inciting the overthrow of the Central Committee.

It became apparent at this point that normal government procedures would be inadequate to get rid of the Gang of Four. On October 6 the Political Bureau of the CPC ordered Jiang Qing, Zhang Chunqiao, Yao Wenyuan and Wang Hongwen put into custody for investigations. The following day the Political Bureau made Hua Guofeng Chairman of the CPC Central Committee and of its Military Commission in recognition of the crucial role he, along with Ye Jianying and Li Xiannian, had played in carrying through the arrest.

The overthrow of the Jiang Qing clique brought to a close the ten most chaotic years in the history of the People's Republic of China and marked the beginning of a new era of national development. What transpired in this period showed that it was neither a cultural revolution nor a true revolution in any sense. Instead of social progress, it only brought chaos, losses and

retrogression to the Party, the state and the Chinese people.

The main responsibility for the serious "Left" errors that left the nation in a shambles rests with Mao Zedong. However, his error was, after all, the error of a great proletarian revolutionary. Though he never wavered in his insistence on the validity of the "cultural revolution," he did, on specific occasions, moderate extremist tendencies within the Party and shielded some of the leading Party cadres, allowing them to return to their posts. It was he who put Lin Biao and Jiang Qing in key positions, making it possible for them to take advantage of his mistakes in pursuit of their goal of conspiracy, but when he discovered Lin Biao's ulterior motives, he took the lead in crushing this counterrevolutionary clique. His criticism and exposure of Jiang Qing, Zhang Chunqiao and their followers at the later stage were crucial in stalling their plot to seize supreme power and gaining time for their eventual destruction. In his later years the Chairman was still alert to national security, pursued a correct foreign policy, supported the just struggle of the peoples of other nations, advanced the principle of the three worlds in international relations[9] and announced time and again China's opposition to hegemonism. That the Chinese Communist Party avoided a split, that the army and the government did not irrecoverably disintegrate into chaos, that China's socialist system remained intact, and that China could still exercise important influence in world affairs —all these are inseparable from the signal role of Mao Zedong. For these and especially for his great contributions to China's long-term revolutionary cause, the Chinese people will always love and respect Mao Zedong as a great leader and teacher.

The destructiveness of the "cultural revolution" had been attenuated by the unceasing struggles against "Left" tendencies and the Lin Biao and Jiang Qing cliques on the part of the Party and the people. There was, overall, improvement in the national economy. Grain production steadily increased, and some achievements were scored in industry, communications, capital construction, and science and technology. The testing of the hydrogen bomb and the launching and recovery of manmade earth satellites marked fresh progress in China's technological development.

The Soviet invasions on two occasions of the Zhenbao Island area in March 1969 were repelled and China broke new ground in foreign relations. There is no question that these achievements were not achievements of the "cultural revolution" but achievements despite the "cultural revolution," and it is easy to imagine how much more progress would have been made were it not for this detour in history.

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1. Yao Wenyuan was then a young Shanghai political writer.

2. For the case of Marshal Peng Dehuai, see pp. 485-523 of this book.

3. The Duke of Zhou, an ancient statesman highly respected by Confucius, served as prince regent for his nephew, King Cheng, before the king came of age in the early period of the Western Zhou Dynasty (c. eleventh century to 771 B.C.).

4. These theatrical works with modern revolutionary themes were created in 1958 and the years before the "cultural revolution" to reform the Peking opera, in which Jiang Qing did not play any part. However, at the beginning of the "cultural revolution" Jiang Qing claimed all credit for these achievements, calling herself the "standard-bearer of the 'cultural revolution.'"

5. Under the Gang of Four intellectuals were listed after eight other categories of political-social undesirables—landlords, rich peasants, counterrevolutionaries, moral degenerates, Rightists, renegades, enemy agents and capitalist-roaders.

6. Mao Yuanxin was the son of Mao Zemin, younger brother of Mao Zedong and a member of the Party Political Bureau who was killed by the Kuomintang in Xinjiang in 1943. Initially appointed Premier Zhou Enlai's liaison secretary in Northeast China in the "cultural revolution," Mao Yuanxin eventually allied himself with the Gang of Four.

7. This article, drafted by Deng Liqun on the basis of Deng Xiaoping's speeches, was intended as the editorial for the first issue of a new theoretical journal, *Sixiang Zhanxian (Ideological Front)*, sponsored by Deng Xiaoping to rival *Hongqi (Red Flag)*, the official theoretical Party journal, then under the control of the Gang of Four. Deng Liqun's article pointed out that the Party and the nation should focus their efforts on Mao's three instructions at the Fourth Session of the NPC in 1975: Study the theory of the dictatorship of the proletariat; promote stability and unity; and get the national economy thoroughly

under way. This twenty-five-year general programme would allow China to realize her long-term goal of modernization. While criticizing Lin Biao, the article referred to the Gang of Four as "anti-Marxist class enemies" and refuted their erroneous arguments. The outbreak of the criticize-Deng campaign aborted publication of this new journal.

8. The earthquake spread to Tianjin and Beijing, causing a total of 242,000 deaths.

9. The theory of the three worlds, formulated by Mao and announced by Deng Xiaoping at the sixth special session of the UN General Assembly in April 1974, has now been widely accepted. It divides the nations of the world into three catogories, the superpowers—the US and the USSR—which are contending for world hegemony; the third world countries, comprising the developing countries in Asia, Africa and Latin America, which constitute the main force combating imperialism, colonialism and hegemony; and the developed countries between the two worlds, which oppress and exploit the third world countries while they themselves are under the dominative influence of the two superpowers, and represent a force that the third world countries can unite with in the struggle against hegemonism.

PART IV

THE NEW ERA OF SOCIALIST MODERNIZATION (NOVEMBER 1976-1988)

1. Exposure and Criticism of the Jiang Qing Counterrevolutionary Clique; Progress in All Quarters During a Time of Change

China entered a new era of socialist modernization after smashing the Jiang Qing counterrevolutionary clique in October 1976.

With the decade-long chaos of the "cultural revolution" behind it, the nation was faced with the task of revitalizing hundreds of neglected undertakings, particularly the rehabilitation of industry. The downfall of the Gang of Four gave rise to nationwide jubilation, followed by an earnest desire for order and stability. During the time when the Gang of Four was largely in control, they had planted their agents in many key departments in all parts of the country and widely circulated ultra-Left fallacies passing for revolutionary theory. These were stumbling blocks standing in the way of national stability, unity and economic development.

In December 1976 a nationwide campaign to expose the crimes of the Gang of Four began. The campaign brought to light the gang's plot to usurp supreme Party and state power, their ruthless persecution of a great many cadres and ordinary people, their pseudo theory that "veteran cadres were essentially democrats and therefore were capitalist roaders" and their reactionary policies that dominated all spheres of national life. Meanwhile, their organizational setup was thoroughly investigated and their followers at all levels removed from leading posts. This campaign by and large completed its mission by the end of 1978.

As the repudiation of the Gang of Four spread and intensified, more and more cadres and common people raised the

demand that the errors committed in the "cultural revolution" be rectified. But the popular demand was not to be fulfilled overnight. The political and ideological confusion caused by the decade-long "cultural revolution" lingered on. Another factor of no less consequence was the "Left" ideology that Hua Guofeng continued to follow in his capacity as Chairman of the Central Committee of the Chinese Communist Party. Hua had become First Vice-Chairman of the Party Central Committee and Premier of the State Council in April 1976 upon the recommendation of Mao Zedong, who felt Hua fully endorsed the "cultural revolution." And so he did, as it was later proved in the movement to criticize Deng Xiaoping, which began with the denouncement of the Tiananmen Incident in April of the same year (See Part III, Chapter 10, p.182). Hua was chosen to assume the chairmanship of the Party by the Political Bureau of the Central Committee soon after the downfall of the Gang of Four. Nevertheless, he persisted in "Left" policies and opposed rectification of the "Left" errors of the "cultural revolution." For example, while the Gang of Four was repudiated nationwide, he insisted on continuing the criticism of Deng Xiaoping, holding that it had been decided upon by Mao Zedong and therefore could not be reversed. The *People's Daily*, the *Liberation Army Daily* and the monthly *Red Flag*—organs of the central authority—jointly published an editorial in January 1977, stating: "We firmly uphold whatever policy decisions Chairman Mao made and we unswervingly adhere to whatever instructions Chairman Mao gave," which was later known as the "two whatevers" policy. This stand indicated full adherence to Mao's "Left" policies in his late years and refusal to remedy the errors of the "cultural revolution." Hua obstructed the reinstatement of Deng Xiaoping, Chen Yun and many other veteran leaders castigated during the "cultural revolution," and stalled over the rehabilitation of persons historically wronged by various false accusations. He attempted to maintain the personality cult around Mao Zedong and in so doing, accepted a cult around himself.

The majority of cadres and the rank and file, especially of

the veteran Party leaders were opposed to the erroneous line held by Hua Guofeng and his followers. At the Work Conference of the Party Central Committee in March 1977 Hua reiterated the "two whatevers" policy and was opposed by Chen Yun and Wang Zhen, who proposed that Deng Xiaoping be reinstated and the wrong appraisal of the Tiananmen Incident be rectified. But, owing to Hua's intervention, this suggestion was not approved. In a letter to the Party Central Committee on April 10, 1977, Deng Xiaoping addressed himself directly to the "two whatevers" dogma: "We must apply Mao Zedong Thought accurately and comprehensively generation after generation in guiding our Party, our Army and our people, and in victoriously advancing the cause of the Party, socialism and international communist movement." The Central Committee circulated this letter on May 3 and affirmed his views.

Following the will of the people, the Third Plenary Session of the Tenth Party Central Committee in July 1977 decided unanimously to reinstate Deng Xiaoping in all the posts of the Party and government he had held previously: member of Party Central Committee and the Standing Committee of the Political Bureau, Vice-Chairman of the Party Central Committee, Vice-Chairman of the Central Military Commission, Vice-Premier of the State Council and Chief of the General Staff of the Chinese People's Liberation Army. Speaking at the meeting, Deng Xiaoping again pointed out, "The system of Mao Zedong Thought should be accurately and comprehensively understood... that is the only way to refrain from setting apart, distorting or undermining Mao Zedong Thought." He said that the Gang of Four, especially their so-called theoretician Zhang Chunqiao, distorted and falsified Mao Zedong Thought and, taking advantage of Mao's prestige among the people, quoted out of context a phrase or two from his works or instructions to fool them. Resolutions were also passed at the session , confirming the appointment of Hua Guofeng as Chairman of the Party Central Committee, expelling forever Wang Hongwen, Zhang Chunqiao, Jiang Qing and Yao Wenyuan from the Party and removing them from all

their Party and government posts.

The Eleventh National Party Congress, held in Beijing in August 1977, declared an end to the decade-long "cultural revolution" and reiterated that the basic task of the Party in the new period was to build China into a strong, modernized socialist country before the end of the century. However, under the conditions then prevailing and the influence of Hua Guofeng's erroneous line, the congress reaffirmed the wrong theories, policies and slogans of the "cultural revolution." It continued to take class struggle as the key link and uphold the theory of "continued revolution under the dictatorship of the proletariat," the guiding principle of the "cultural revolution." The congress not only reaffirmed the so-called achievements of the "cultural revolution" but even stated that similar political revolutions would continue to be waged.

The First Session of the Fifth National People's Congress was held in Beijing in February and March 1978. This session revised the Constitution of the People's Republic of China, elected Ye Jianying as Chairman of the Standing Committee of the NPC, and reappointed Hua Guofeng Premier and Deng Xiaoping and Li Xiannian Vice-Premiers. The Report on the Work of the Government adopted at the session was still guided by "Left" ideology. The report underestimated the dislocation of the national economy and, aiming at quick results, it set unrealistic economic targets. The 1978 accumulation rate was set at 36.5 percent, nearly up to the grossly bloated rates during the time of the Great Leap Forward in 1959 and 1960. The scale of capital construction expanded far beyond the country's financial and material capacity.

The year 1978 also saw a change in the closed-door policy that had taken hold since 1949. The session decided to welcome foreign funds and technology, but the twenty-two giant construction projects authorized proved a miscalculation that caused financial difficulties and worsened the imbalance of the national economy.

Stark reality made people see more clearly than ever that it

would be impossible to rectify the excesses of the "cultural revolution" and bring about socialist modernization without a thorough repudiation of the erroneous "two whatevers" policy and the underlying "Left" ideology. It was then that a heated discussion on the criterion for testing truth came up and quickly caught on nationwide.

The *Guangming Daily* published an article in May 1978 entitled "Practice Is the Only Criterion for Testing Truth." The article pointed out that although the Jiang Qing clique and its operational machinery had been put out of action, their ultra-Left preachings that poisoned the minds of the people were yet to be refuted. The integration of theory with practice was a basic tenet of Marxism, said the article, and any theory must be put from time to time to the test of social practice, which was the only criterion for judging its validity. The article advocated that the "forbidden zones," either in theory or in practical work, arbitrarily set by the Gang of Four, should be seriously probed to clarify what was right and what was wrong. This was a total refutation of the "two whatevers" on the theoretical plane. Nonetheless, adherents to the "two whatever's" policy insisted that the article was "theoretically absurd" and was a move to abandon the banner of Mao Zedong Thought. From the very beginning Hua Guofeng suppressed the debate.

In contrast, Deng Xiaoping and others in the central leading organs firmly supported the debate. Deng made a speech at the All-Army Conference on Political Work on June 2 of the same year, pointing out, "...There are other comrades, however, who talk about Mao Zedong Thought every day but who often forget, abandon or even oppose Comrade Mao's fundamental Marxist viewpoint and his method of seeking truth from facts, always proceeding from reality and integrating theory with practice. Some of them even go further: they maintain that those who persist in seeking truth from facts, proceeding from reality and integrating theory with practice are guilty of a heinous crime. In essence, their view is that one need only parrot what was said by Marx, Lenin and Comrade Mao Zedong—that it is enough to

reproduce their words mechanically. According to them, to do otherwise is to go against the guidelines of the Central Committee. This issue they have raised is no minor one, for it involves our general approach to Marxism-Leninism and Mao Zedong Thought."[1]

On September 16 Deng criticized once again the erroneous "two whatevers" policy, saying, "What does that [holding high the banner of Mao Zedong Thought] mean? How are we to do so? As you all know, there is a doctrine known as the 'two whatevers'." Hasn't it become famous? According to this doctrine, whatever documents Comrade Mao Zedong read and endorsed and whatever he did and said must always determine our actions, without the slightest deviation. Can this be called holding high the banner of Mao Zedong Thought? Certainly not! If this goes on, it will debase Mao Zedong."[2]

The widespread debate over practice as the only criterion for testing truth was one of the most consequential ideological and theoretical confrontations in post-Liberation years. It was also a nationwide exercise in Marxist education and mental emancipation. In the process, theoretical distortions were rectified and people began to shake off dogmatism and personality cult that had shackled their minds for years.

After the downfall of the Gang of Four people's political enthusiasm and their initiative in all areas of reconstruction soared, and the nation's economy picked up in a short time. The average annual growth rate of industrial and agricultural output value for 1977 and 1978 was 11.5 percent, the rate for agriculture being 5.3 percent and that for industry, 13.9 percent. As the nation's economy and financial situation turned for the better, living standards improved. However, ideological confusion created by the "cultural revolution" had not been completely overcome and Hua Guofeng continued to guide his policies with "Left" ideology; overall progress was slow and the nation was lingering at a crossroads.

2. The Third Plenary Session of the Eleventh Central Committee of the CPC—A Great Turning Point of Historic Significance

The fervent discussions on the criterion of truth greatly helped toward the understanding of Marxism and emancipated people's minds from the framework of "Left" ideology, thus paving the way for the correction of the "Left" errors in the Party's line. Addressing the crying need of the time, the Third Plenary Session of the Eleventh Central Committee of the CPC, which met from December 18 to 22, 1978, in Beijing, pinpointed the "two whatevers" policy by stating: "If a party, a country or a people had to do everything according to what the book says, man's thinking would ossify, progress would be impossible, viability would be lost and the Party and country would perish." The plenary session fully affirmed Deng Xiaoping's postulation that Mao Zedong Thought must be mastered comprehensively and accurately. Deng pointed out the need to study new things and seek solutions to new problems under the guidance of Marxism-Leninism and Mao Zedong Thought, and to develop Mao Zedong Thought under new conditions. The plenary session set great store by the debate about the criterion for testing truth, and formulated a guiding principle embodied in the catch phrase: "Emancipate our minds, use our heads, seek truth from facts and unite as one in looking to the future."

With the nationwide mass repudiation of the Gang of Four nearly accomplished, the plenary session decided to drop the slogan "Take class struggle as the key link," which ill suited a socialist society, and began to focus the Party's attention on socialist modernization. It decided to stop the impetuous reach for quick economic results, adjusted the imbalance between the major sectors of the economy and concentrated greater efforts particularly on the acceleration of agricultural growth.

In the wake of the decision, rural economic reform began in earnest. Various forms of household responsibility systems were

introduced, whereby remuneration was proportionately geared to output. Family plots were restored and in some places extended; village markets were reopened; farmers were encouraged to engage in all kinds of income-generating undertakings on the side. Purchase prices for farm and sideline products were raised. Managerial reform in enterprises, notably the delegation of decision-making powers to the enterprises themselves, were introduced. Economic and technical cooperation with other countries began to develop.

Adhering to the principle that practice is the only criterion for testing truth, the plenary session reexamined the major political events that had occurred during the "cultural revolution." In a realistic approach, the session came to the conclusion that the movement to "criticize Deng Xiaoping and counter the Right deviationist trend of reversing correct verdicts" launched by the Party Central Committee in 1975, and the earlier interpretation of the Tiananmen Incident of 1976 were wrong. It also decided to annul the documents issued by the Central Committee concerning these two questions. The session restudied and reversed the wrong verdicts rendered against the prominant leaders such as Peng Dehuai, Tao Zhu, Bo Yibo, Yang Shangkun[3] and others who were restored to their leading positions in the Party and government.

The plenary session elected Chen Yun as additional Vice-Chairman of the Central Committee and Deng Yingchao, Hu Yaobang, and Wang Zhen as additional members of the Political Bureau. In order to maintain the Party's rules and good working style, the session decided to establish the Central Commission for Inspecting Discipline, of which Chen Yun was elected First Secretary. The plenary session stressed strengthening socialist democracy and a socialist legal system.

As a great turning point in China's post-Liberation history, the Third Plenary Session of the Eleventh Central Committee marked a complete breaking away from the "Left" errors, reestablished the correct line of Marxism-Leninism, and thus began to solve step by step the many problems left from the past as well as the new ones cropping up in the process of reconstruction and

reform.

After the Third Plenary Session the whole nation, from top to bottom, was alive with new ideas followed by conscientious efforts to study and solve the new problems. However, some people inside the Party were still under the influence of the ultra-Left thinkings propagated by Lin Biao and the Gang of Four, branding the Party's new principles and policies as Right opportunism contrary to Marxism-Leninism and Mao Zedong Thought. A few people outside the Party, capitalizing on the social problems left over from the "cultural revolution," noisily clamoured for "democracy and human rights" and spread doubts about socialism and the leadership of the Communist Party. These bourgeois-liberalization and ultra-Left trends could disrupt political unity and stability and impede the progress of socialist modernization. Thus, Deng Xiaoping reaffirmed in March 1979 the four cardinal principles that would guarantee China's modernization, namely: the socialist road, the people's democratic dictatorship (i.e., dictatorship of the proletariat), the leadership of the Communist Party, and Marxism-Leninism and Mao Zedong Thought. He severely criticized the "Left" and Right trends of thought that were opposed to the four principles. At the same time, he said, the country must resolutely crack down on criminal activities that undermined socialist construction. With political stability ensured, work in various fields proceeded smoothly in the direction pointed out at the Third Plenary Session of the Eleventh Central Committee.

After the session a great many more Party, state and army leaders, leading figures in different circles, cadres and ordinary people who had been wrongly persecuted under the ultra-Left line, especially during the "cultural revolution," were rehabilitated.

By the decision of the Fifth Plenary Session of the Eleventh Party Central Committee which met in February 1980, Liu Shaoqi, former Vice-Chairman of the Central Committee of the Communist Party of China and President of the People's Republic of China, was restored to his original position posthumously. In January 1979 the Central Committee decided that all former

landlords, rich peasants, counterrevolutionaries and evildoers in the rural areas who had been law-abiding and served well in their work over the years should no longer be perceived as such but treated as full members of the People's Commune.

In September of the same year the Central Committee decided to reexamine the cases of those who were labelled Rightists in 1957 and correct all wrong verdicts. In November the Party began to return the worker's status to small tradespeople, pedlars and craftspersons who had been wrongly classified as bourgeois elements during the upsurge of socialist transformation in 1956. Meanwhile, it was announced that a substantial majority of former capitalists who had been earning an honest living for many years should now be regarded as part of the working people.

The Chinese People's Political Consultative Conference, China's united front institution incapacitated in the "cultural revolution," was restored to its normal function. Between 1978 and 1980, it met three times to discuss national affairs and made criticisms and proposals.

All these measures resolved many problems that were essentially contradictions within the ranks of the people and reactivated national life.

3. Readjustment of the National Economy

The serious dislocation of the national economy resulting from the decade-long "cultural revolution" did not lessen but rather went from bad to worse in 1977 and 1978.

—Agricultural growth was too slow to meet industrial needs and improve people's lives. Compared to twenty years before, the annual output of grain on a per capita basis was almost the same and that of cotton and edible oil even dropped.

—The balance between light and heavy industries was grossly upset. Investment for heavy industry in 1978 was 55.7 percent; for light industry, only 5.7 percent. In fact the imbalance had existed for many years. As a result consumer goods were in short supply, low output and lacked variety in design, size and colour.

—Fuel and power industries were lagging behind the rest. Due to shortage of power and raw materials, many factories were inoperational or half operational. About 20 percent of the nation's industrial productive capacity was left idle.

—Investment in capital construction rose annually, while people's everyday needs remained unfulfilled. More than twenty million people were looking for jobs in rural and urban areas. The structure of economic management was defective; poor management of enterprises resulted in low cost efficiency. Nearly a quarter of state-owned enterprises were running at a loss.

The Party Central Committee, at a work conference in April 1979, decided on a policy of "readjusting, restructuring, consolidating and improving" the economy as a whole, which meant readjusting the balance between major branches of the national economy to achieve coordinated development; restructuring economic management to do away with overcentralism, neglect of economic results and other disadvantages; consolidating the leading bodies of enterprises and reorganizing disorderly administration; raising administrative, scientific and technological levels as well as the economic efficiency of enterprises.

Agriculture took priority in the readjustment of the economy. Because China was a big country with 80 percent of its population in the countryside, rapid development of agriculture was necessary to guarantee realization of the modernization goals. To speed agricultural growth, the government adopted a series of weighty measures:

1) Raising of state purchase prices for agricultural and sideline products and reduction or remission of tax for low-income communes and production brigades.

2) Restoration, and expansion when appropriate, of family or private plots, household sideline occupations and country trade fairs.

3) Diversification of the economy as opposed to stressing grain production only.

4) Application of the household responsibility system in agricultural production and replacement of egalitarianism by conscientiously implementing the principle of distribution ac-

cording to the amount of work done.

The household responsibility system initiated in the rural areas was a managerial system of collective economy based on the public ownership of land. Generally it took the form of an individual farmer, a family or a small team contracting with the production brigade for a specified amount of work in farming, forestry, animal husbandry, sideline production, fishery or village industry. The contracted amount of proceeds went to the brigade for distribution and reinvestment. The contractor was rewarded for exceeding the contract or fined for failure. Implementation of this system effectively solved the problems in agricultural production that had existed ever since the agricultural cooperation in the 1950s—such as overcentralized management, misdirection of production and egalitarian distribution. By combining the initiative of individual households with specialized and socialized production and by closely linking remuneration to output, both the superiority of collective ownership and the initiative of the producers were brought into full play, thus resolving a long-term problem of socialist agriculture in China. Tens of thousands of farmers began to earn more income and become better off. The responsibility system bridged the transition from a self-supporting or partially self-supporting mode of production to commodity production—a transition from traditional to modernized agriculture. It represented the boldest and most successful example of agrarian reform in China since the agricultural cooperative movement.

Implementation of all these policies changed the face of the Chinese countryside. The living standards improved noticeably. In 1982, for example, the rise in state purchase prices for farm and sideline products increased farmers' income by 26 billion yuan over what it had been in 1978. Over those four years government reduction and remission of rural taxation exceeded 10 billion yuan. Following the growth of agriculture and other income-generating undertakings in the rural areas, the per-capita annual net income of China's rural population reached 270 yuan in 1982, which was twice the 1978 figure; it rose to 309.80 yuan in 1983. New houses went up everywhere in the villages and

bundreds of thousands of families moved to new homes. Between 1979 and 1982 the total agricultural output value of the country increased annually at an average rate of 7.5 percent, 1.6 times the average annual growth rate for the twenty-five years between 1952 and 1977. The proportioning of cropland changed for the better, particularly for cash crops whose output had remained for many years at a standstill. A typical example was cotton. Total output in 1978 was 2.17 million tons; in 1982, 3.6 million tons; in 1983, 4.64 million tons.

After readjustment the imbalance between accumulation and consumption also changed. Reduction in the scale of capital construction began in 1979, and in the following years the accumulation rate continued to drop from 36.5 percent in 1978 to 29.7 percent in 1983. The standard of living improved. During those five years 38 million people found jobs in cities and towns. The average annual living expense of an urban worker's family in 1982 was 500 yuan, which, after adjusting for price rise, was 38.3 percent higher than the 1978 figure. During the same period newly finished housing provided a total floor space of 350 million square metres in cities, amounting to the sum total for the nineteen years before 1977. Housing shortage in urban areas was eased to some extent.

Industrial readjustment focused on resolving the imbalance between light and heavy industries. The state increased loans to light industries, supplied them with more raw materials, semi-finished products, fuel and power, and developed outlets for their products, including the products of handicraft industries. Between 1978 and 1982 the average annual growth rate for the output value of light industry was 11.6 percent as against 5.8 percent for heavy industry. The quicker growth of light industry and agriculture increased the domestic market supply. Although the growth rate of heavy industry slowed down, the mix of its products became more rational to render better service to agriculture and light industry as well as to technological reform.

In cities preliminary steps were adopted to reform the economic structure. With public ownership predominating, private ownership was allowed to develop as an additional means to

promote the market economy and create more job opportunities. The delegation of the power of management to state-owned enterprises put a part of the financial resources at their own disposal, thus enhancing their economic vitality. Implementation of the principle of "relying mainly on planned economy and supplementing it with market economy" multiplied channels of commodity circulation. In distribution, reform focused on the wage system to overcome egalitarianism.

In the process of readjusting the national economy, China made an all-important strategic decision to actively develop economic cooperation and technological exchange with foreign countries. The concept of opening to the outside world has put an end to the closed-door policy that had characterized China for hundreds of years. All this was made possible by the correct application of Marxism, Leninism and Mao Zedong Thought in the modernization drive propelled by overall reform.

4. Restructuring of Party and State Leadership and Strengthening of Socialist Democracy and the Legal System

During the "cultural revolution" a large number of government and Party workers were persecuted and personnel management was in chaos. The years after the cataclysm found the leading personnel at all levels mostly advanced in age. Moreover, long-existing practices within the leadership system, such as bureaucratism, overcentralization of power, patriarchal leadership, life-long tenure of high office and special privileges for those in leading posts obviously impeded the modernization drive.

At the Fifth Plenary Session of the CPC Eleventh National Congress held in February 1980, the Central Committee elected Hu Yaobang and Zhao Ziyang members of the Standing Committee of the Central Political Bureau. The session decided to reestablish the Secretariat of the Central Committee and elected Hu

Yaobang secretary-general. The Central Secretariat, now consisting of younger members, is a permanent working organ under the leadership of the Central Political Bureau and its Standing Committee. The session also approved the "Guiding Principles for Intra-Party Political Life," discussed the new draft of the Party Constitution and drew up regulations for rectifying unhealthy practices inside the Party and reforming the personnel system.

The Third Session of the Fifth National People's Congress, held in August and September 1980, accepted Hua Guofeng's resignation as Premier of the State Council, chose Zhao Ziyang to succeed him, and agreed that Deng Xiaoping, Li Xiannian, Chen Yun and several other aging veteran comrades should cease being Vice-Premiers of the State Council and Vice-Chairmen of the NPC Standing Committee. They were replaced by younger people.

The changes in the setup of the central authorities indicated a major step in the restructuring of state leadership.

There was also progress in safeguarding people's democracy and strengthening the socialist legal system. The Second Session of the Fifth National People's Congress held in June-July, 1979 adopted seven laws, including the Electoral Law of the National People's Congress and Local People's Congresses, the Criminal Law and the Criminal Procedure Law. People's congresses at provincial and county levels set up permanent organs and according to law, deputies to the people's congresses at and below county level were to be elected directly by the voters. The new stipulations improved the functions of people's congresses at local levels, strengthened the people's contral and supervision of local governments and safeguarded their democratic rights.

Revisions of the Constitution of the People's Republic of China, so that it would reflect the political, economic, and cultural improvement of China's socialist system, were decided upon at the Third Session of the Fifth National People's Congress held in August 1980. The session decided to revise Article 45 of the Constitution. This article adopted in January 1975 at the First Session of the Fourth NPC and retained in the Constitution adopted at the First Session of the Fifth NPC held in February-

March, 1978, laid down that citizens "have the right to speak out, air views and hold debates in a big way and write big-character posters as a new form of socialist revolution,"—a provision that sanctified the lawlessness in the ten chaotic years of the "cultural revolution." Experience had amply demonstrated that this constitutional provision, far from protecting people's democratic rights and promoting socialist democracy, only fostered social upheaval and disrupted political stability and unity. The revision deleted the provision from the Constitution.

The Third Session of the Fifth National People's Congress adopted four additional laws, namely, the revised Marriage Law, the Nationality Law, the Income Tax Law for Chinese-Foreign Equity Joint Ventures and the Individual Income Tax Law.

In the course of perfecting and implementing the socialist legal system, the public trial of the principal culprits in the Lin Biao and Jiang Qing counterrevolutionary cliques stood out above all other cases. The two cliques were charged with four major crimes, namely, framing and persecuting Party and state leaders and plotting to overthrow the political power of the people's democratic dictatorship; persecuting and suppressing vast numbers of officials and ordinary people; plotting to murder Chairman Mao Zedong and stage a counterrevolutionary coup d'état; and instigating the Shanghai armed rebellion. In accordance with the Criminal Law of the People's Republic of China and the Law of Criminal Procedure of the People's Republic of China, the Special Court under the Supreme People's Court held a public trial of ten principal culprits on November 20, 1980. The other six confirmed by the Special Procuratorate—Lin Biao, Kang Sheng, Xie Fuzhi, Ye Qun, Lin Liguo and Zhou Yuchi were dead and not prosecuted for their crimes. In the two-month-and-five-day trial the Special Court confirmed that both the Lin Biao and the Jiang Qing cliques were conspiratorial counterrevolutionary clans that had attempted to seize the supreme power of the Party and state. Their criminal activities lasting for ten years created nationwide havoc, causing great calamity to the people of all nationalities. During that period the people's democratic dictatorship and the socialist social order were severely undermined, as

were the national economy and other areas of national life. The Special Court pronounced judgment on the ten principal culprits on January 15, 1981. Jiang Qing and Zhang Chunqiao received the death sentence with a two-year reprieve and were deprived of political rights for life; Wang Hongwen was sentenced to life imprisonment and deprived of political rights for life; Yao Wenyuan, Chen Boda, Huang Yongsheng, Wu Faxian, Li Zuopeng, Qiu Huizuo and Jiang Tengjiao were sentenced to sixteen to twenty years imprisonment and deprived of political rights for five years.

The court verdict on the two counterrevolutionary cliques was a most eloquent vindication of the inviolability of the law and, as such, was warmly supported by the people.

5. "Resolution on CPC History 1949-81" —Order out of Chaos in the Party's Guiding Ideology

After the Third Plenary Session of the CPC Eleventh Central Committee when people inside and outside the Party began to review the experiences and lessons of the past in search for a way of building socialism with Chinese characteristics, they found themselves differing on some major questions, such as whether the thirty-two years since the founding of the People's Republic were mainly characterized by achievements or by errors, whether the "cultural revolution" should be affirmed or refuted, and whether the merits of Comrade Mao Zedong outweighed his mistakes throughout his whole life or vice versa. These questions drew the attention of not only the Chinese people but many people elsewhere in the world. Meanwhile, some people abroad suspected China was carrying on a "De-Maoistization Campaign." These questions were answered clearly at the Sixth Plenary Session of the Eleventh Party Central Committee held between June 27 and 29, 1981.

The plenary session adopted the "Resolution on CPC Histo-

ry 1949-81." The main contents were as follows:

1) Appraisal of the thirty-two years since the founding of the People's Republic. The Resolution pointed out that since the founding of the PRC the Communist Party of China had very successfully led the whole nation in carrying out socialist revolution and socialist construction. Tremendous achievements had been made. The establishment of the socialist system represented the greatest and most profound social change in Chinese history and was the foundation for the country's future progress and development. However, "our Party has made mistakes owing to its meagre experience in leading the cause of socialism and subjective errors in the Party leadership's analysis of the situation and its understanding of Chinese conditions. Before the 'cultural revolution' there were mistakes of enlarging the scope of class struggle and of impetuosity and rashness in economic construction. Later, there was the comprehensive, long-drawn-out and grave blunder of the 'cultural revolution.' All these errors prevented us from scoring the greater achievements of which we should have been capable."

The resolution declared: "the 'cultural revolution' did not in fact constitute a revolution or social progress in any sense, nor could it possibly have done so." It was "initiated by a leader labouring under a misapprehension and capitalized on by counterrevolutionary cliques," and it "led to domestic turmoil and brought catastrophe to the Party, the state and the whole people." It was "responsible for the most severe setback and the heaviest losses suffered by the Party, the state and the people since the founding of the Poeple's Republic."

2) Comrade Mao Zedong's historic role and Mao Zedong Thought. The Resolution stated: "Comrade Mao Zedong was a great Marxist and a great proletarian revolutionary, strategist and theorist.... He rendered indelible meritorious service in founding and building our Party and the Chinese People's Liberation Army, in winning victory for the liberation of the Chinese people, in founding the People's Republic of China and in advancing our socialist cause. He made major contributions to the liberation of the oppressed nations of the world and to the progress of man-

kind.... It is true that he made gross mistakes during the 'cultural revolution,' but if we judge his activities as a whole, his contributions to the Chinese revolution far outweigh his mistakes. His merits are primary and his errors are secondary."

With regard to Mao Zedong Thought, the Resolution said, "Mao Zedong Thought is Marxism-Leninism applied and developed in China; it constitutes a correct theory, a body of correct principles and a summary of the experiences that have been confirmed in the practice of the Chinese revolution, a crystallization of the collective wisdom of the Chinese Communist Party. Many outstanding leaders of our Party made important contributions to the formation and development of Mao Zedong Thought, and they are synthesized in the scientific works of Comrade Mao Zedong." The Resolution also expounded the theory of Mao Zedong Thought that had enriched and developed Marxism-Leninism in the following six respects: on the new-democratic revolution, on the socialist revolution and socialist construction, on the building of a revolutionary army and military strategy, on policy and tactics, on ideological, political and cultural work, and on Party building. It stressed that the living soul of Mao Zedong Thought comprised three basic points: "to seek truth from facts, the mass line and independence." The Resolution reiterated: "Mao Zedong Thought is the valuable spiritual asset of our Party and it will be our guide to action for a long time to come."

The Resolution pointed out and criticized the two wrong attitudes towards Mao Zedong Thought: a. "To try to negate the scientific value of Mao Zedong Thought and to deny its guiding role in our revolution and construction just because Comrade Mao Zedong made mistakes in his later years." b. "To adopt a dogmatic attitude towards the sayings of Comrade Mao Zedong, to regard whatever he said as immutable truth which must be mechanically applied everywhere, to be unwilling to admit honestly that he made mistakes in his later years, and even try to stick to them in our new activities." The resolution asked people to distinguish between Mao Zedong Thought and the mistakes he had made in his later years and to apply and carry forward Mao Zedong Thought in the nation's new advance so as to ensure the

continued progress of the socialist cause along the course of Marxism-Leninism and Mao Zedong Thought.

3) The correct path for socialist modernization. The Resolution stated that since the Third Plenary Session of the Eleventh Central Committee the CPC had gradually charted a correct path for socialist modernization suited to China's conditions. The main points were: a. With socialist transformation fundamentally accomplished, the principal contradiction China had to resolve was that between the growing material and cultural needs of the people and the backwardness of social production. It was imperative that the focus of Party and government work be shifted to socialist modernization. b. In China's socialist economic construction it was necessary to proceed from the country's conditions and resources, act according to its capability and oppose both impetuosity and passivity. c. The reform and improvement of socialist relations of production must conform to the level of the productive forces and be conducive to the expansion of production. d. Class struggle no longer constituted the principal contradiction after the exploiters had been eliminated as a class. However, class struggle would continue to exist within certain limits for a long time to come. It was necessary to oppose both the view that stood for expanding class struggle and the view that it had died out. e. A fundamental task of the socialist revolution was to gradually establish a highly democratic socialist political system. f. Socialism should reach for a highly advanced culture and ideology. g. Socialist relations between China's various nationalities should be improved and promoted, and national unity should be strengthened. h. In the present international situation with the danger of war still existing, it was necessary to strengthen modernization of the country's national defence. i. In foreign relations China should continue to oppose imperialism, hegemonism, colonialism and racism and safeguard world peace. j. It was imperative to build a sound system of democratic centralism within the Party. The 10-point summarization illustrated the CPC's upholding and developing Mao Zedong Thought under new conditions.

The plenary session approved Hua Guofeng's request to resign from his posts as Chairman of the Party Central Commit-

tee and Chairman of the Central Military Commission. It elected Hu Yaobang as Chairman of the Party Central Committee, Zhao Ziyang and Hua Guofeng as Vice-Chairmen, and Deng Xiaoping as Chairman of the Central Military Commission.

The Sixth Plenary Session of the Eleventh Central Committee, like the Third Plenary Session, was a meeting of great significance. It will go down in history for accomplishing the task of bringing order out of chaos in the Party's guiding ideology.

6. Achievements in 1981

In 1981 China achieved great success in setting things right in all spheres of work.

In political ideology:

1) **Overcoming the tendency of buurgeois liberalization.** The "cultural revolution" caused doubts about or disappointment at the Party and socialism among some young people and wavering Party members. The influence of foreign bourgeois ideas produced a trend toward liberalization after the Western fashion that advocated breaking away from the leadership of the Communist Party and straying from the socialist path. In a message in July 1981 Deng Xiaoping pointed out the tendency toward bourgeois liberalization in the ideological area. He urged that everybody should dare to criticize and fight this erroneous tendency. Examination and criticism of the trend followed in the fields of art, literature, theory and mass media, and in the publishing world. The massive criticism maintained the socialist orientation of China's modernization drive.

2) **Launching an ethical movement.** In February 1981 nine units, including the All-China Federation of Trade Unions, the Central Committee of the Communist Youth League of China, the All-China Women's Federation, the China Federation of Literature and Art Circles, the Central Committee for Patriotic Health Campaign and the All-China Students' Federation jointly proposed to the entire people, particularly youngsters, to launch an ethical movement calling on everybody to pay attention to

behaviour, manner, hygiene, public order and morals and keep the mind, language, conduct and the environment healthy and decent. This movement was aimed at reminding the people of communist and socialist ethical standards and bringing up a new generation with sound education, self-discipline, high ideals and moral integrity. The Party Central Committee and the State Council fully endorsed the movement for its significance in cultivating socialist culture and ideology and decided that the month of March would be National Ethics Month.

3) The restructuring of government organs as part of the political structural reform by simplifying the administrative structure. In accordance with a resolution of the Fourth Session of the Fifth National People's Congress, the former ninety-three ministries and units directly under the State Council were cut down and merged into fifty-seven; the total number of staff members was reduced about one-third; and a large number of younger people of ability and political integrity were placed in leading posts. The organs of the Party Central Committee and general departments of the Military Committee also took similar measures. A retirement system was instituted whereby older cadres after retirement would withdraw from leading bodies and serve on the second line either as advisers or as investigaters, researchers, inspectors or monitors. Thus the system of life-long tenure of leading posts was abolished. Cadres in active service began to receive regular training by rotation in specialized schools. The retirement and training programmes were gradually regularized and systematized.

The completion of the first stage of restructuring the Party, government and military organs streamlined the administrative system, delineated the duties and responsibilities of various organs and thereby pushed forward political structural reform in all parts of the country.

4) Combatting serious economic crimes. Serious economic crimes such as smuggling, bribery, profiteering, and embezzlement of public funds and property were the bane of progress that corrupted the cadres; damaged the prestige of the Party, government and army; stained national honour; poisoned people's minds; sabo-

taged economic reconstruction; obstructed implementation of the policies of opening to the outside world and invigorating the domestic economy; and undermined social stability.

Guangdong, Fujian and Zhejiang, the three provinces along the southeast coast, began to combat smuggling in 1981. An emergency announcement of the Party Central Committee in January 1982 and the "Decision on Combatting Serious Criminal Activities in the Economic Sphere" adopted in March by the NPC Standing Committee laid down the basic principle of correcting such activities carefully but quickly, severely and resolutely in accordance with the law. After thorough investigations, sometimes involving highly complicated confrontations, a number of serious economic crimes were exposed and dealt with, and the culprits were ferreted out and severely punished.

In 1979 China's national economy was further readjusted. As a result, the total industrial and agricultural output value increased by 8.5 percent over that of 1978, with agriculture registering a phenomenal growth of 8.6 percent and light industry an increase of 9.6 percent, surpassing the speed of growth of heavy industry, which increased by 7.7 percent.

In 1980, the last year of the Fifth Five-Year Plan, China's national economy made new headway as readjustments continued. However the government had a deficit of over 10 billion yuan in 1979 and again in 1980, and the prices of some commodities went up.

The Fourth Session of the Fifth National People's Congress, held from November 30 to December 13, 1981, mapped out the strategies that China was to follow. At the Session Premier Zhao Ziyang delivered a report entitled "The Present Economic Situation and Guidelines for Economic Construction." Judging from the economic situation at that time, he pointed out that China should continue to implement the policy of readjusting, restructuring, consolidating and improving her economy to lay a solid foundation for further advancement. In light of the experience gained in the economic field since the founding of the People's Republic, the Premier set forth a guiding principle for economic construction, namely, it should begin from raising cost efficiency,

develop at a realistic pace and offer more substantial benefits to the people. Based on this principle, the report laid down ten guidelines for the nation's economic construction in the following years: 1) Accelerate the development of agriculture through policy guidance and technological improvement. 2) Give prominence to the production of consumer goods and further adjust the servicing orientation of heavy industry. 3) Raise the utility rate of energy consumption and strengthen the energy and transportation industries. 4) Carry out technological reform step by step in key units and fully tap the potential of existing enterprises. 5) Carry out consolidation and restructuring of enterprises by batch. 6) Rationalize the collection and spending of funds to increase financial resources for national construction and use them cautiously. 7) Persist in the open-door policy and enhance China's capacity for self-reliance. 8) Carry out vigorously but steadfastly the economic structural reform and bring initiative into play in all fields. 9) Raise the scientific and educational level of the entire working population and tackle key scientific research projects with every possible means. 10) Adhere to the overriding principle of serving the people and make overall arrangements for production, construction and the people's livelihood.

7. The Twelfth National Congress of the CPC—Creating a New Climate for Socialist Modernization

Following regulations in the CPC Constitution that the Party convene a national congress every five years, the Twelfth National Congress was held in Beijing from September 1 to 11, 1982.

Main items on the agenda were to consider the report of the Eleventh Central Committee and decide on the Party's programme for creating a new climate in all fields of socialist modernization; to consider and adopt the new Constitution of the Communist Party of China; and to elect, according to the provi-

sions of the new Party Constitution, a new Central Committee, a Central Advisory Commission and a Central Commission for Discipline Inspection.

Deng Xiaoping made the opening speech. He predicted that this congress would prove to be one of the most important since the Party's Seventh Congress held in April, 1945. He pointed out that the basic guiding ideology was to build socialism with Chinese characteristics and that the three major tasks of the Chinese people in the 1980s were to step up socialist modernization, to strive for China's reunification and particularly for the return of Taiwan to the motherland, and to oppose hegemony and safeguard world peace. He said that China would unswervingly follow a policy of opening to the outside world and actively increase exchanges with foreign countries on the basis of equality and mutual benefit. Independence and self-reliance had always been and would always be China's basic stand, he said.

Hu Yaobang, on behalf of the Eleventh Central Committee, made a report entitled "Create a New Situation in All Fields of Socialist Modernization." The report said that the CPC had, in the sphere of ideology, resolutely broken through the fetters of dogmatism and the personality cult that had existed for a long period and reaffirmed the Marxist ideological line of seeking truth from facts. The general task of the Party in the new historical period, he said, was to unite the people of all nationalities in working hard and self-reliantly to achieve, step by step, the mdernization of industry, agriculture, national defence, science and technology and to make China a culturally advanced and highly democratic socialist country. The report also cited the tasks for the Party and the people in the next five years: energetically promote socialist material and spiritual civilization, continue to strengthen socialist democracy and the socialist legal system, earnestly rectify the Party style and consolidate the Party organization, and strive to bring about a fundamental turn for the better in the country's financial and economic situation, in the standards of social conduct and in the style of the Party. At the same time, together with all patriotic people, including compatriots in Taiwan, Hongkong and Macao and Chinese nationals

residing abroad, the Party should pursue the great aim of reunifying the motherland. It should also join the people in the rest of the world in struggling against imperialism and hegemonism and defending world peace.

In light of the actual condition in the country, the report affirmed the targets, focal points and strategies of economic construction and laid down a series of guidelines to be followed. In creating a new climate in all fields, the report pointed out, the most important task was to further advance economic construction for socialist modernization. The general objective of China's economic construction for the two decades between 1981 and the end of the century was to steadily improve economic results in order to quadruple the gross annual value of industrial and agricultural production—from 710 billion yuan in 1980 to 2,800 billion yuan or so in the year 2000. To realize the objective, attention during the next twenty years should be concentrated on such basic links as agriculture, power, transport, education and science—the strategic priorities in economic development. The strategy would be to, in the first decade, aim mainly at laying a solid foundation, accumulating strength and creating the necessary conditions, and, in the second, to usher in a new period of vigorous economic growth. This was a major policy decision based on a comprehensive analysis of the existing status of China's economy and the trend of its growth. To carry out the strategy, it was necessary to continue implementing the ten principles for economic construction approved at the Fourth Session of the Fifth National People's Congress held between November and December, 1981 (see previous chapter).

Hu Yaobang's report pointed out that a high level of material civilization must be accompanied by a high level of socialist spiritual civilization, a principle that concerns the success or failure of socialism. The report went on that socialist civilization, both material and spiritual, could only be safeguarded by the continuous development of socialist democracy.

The report reiterated China's independent foreign policy, pointing out that the integration of patriotism with internationalism had always been a basic point of departure in handling

external relations, that China would never attach itself to any big power or group of powers or yield to pressure from any big power, that China would not be swayed by expediency or by other's instigation or provocation, and that China would abide by the Five Principles of Peaceful Coexistence and under no circumstances would seek hegemony.

The report explained the principles guiding the rectification of the "Left" errors in the Party Constitution adopted at the Party's Eleventh National Congress in August 1977, stipulating explicitly that the Party "forbids all forms of personality cult." According to the new Constitution, the Party Central Committee was to have no Chairman but only General Secretary who would convene meetings of the Political Bureau and its Standing Committee and preside over the work of the Central Committee's Secretariat.

Hu's report pointed out that impurities in ideology, work style and organization did exist within the Party and Party style had not basically turned for the better; that the style of a political party in power was vital to its very survival; and that to fundamentally improve Party style, the Central Committee had decided to spend three years, beginning from the latter half of 1983, to carry out Party rectification by stages.

The Central Committee elected by the Twelfth National Congress held its first plenary session between September 12 and 13, 1982 at which members of the Party's central organs were elected. Membership of the Political Bureau's Standing Committee consisted of Hu Yaobang, Ye Jianying, Deng Xiaoping, Zhao Ziyang, Li Xiannian and Chen Yun; Hu Yaobang was made General Secretary of the Central Committee. Members of the Central Committee's Secretariat were Wan Li, Xi Zhongxun, Deng Liqun, Yang Yong, Yu Qiuli, Gu Mu, Chen Pixian, Hu Qili and Yao Yilin; the alternate members, Qiao Shi and Hao Jianxiu. The plenary session appointed Deng Xiaoping as Chairman of the Military Commission of the CPC Central Committee and ratified Deng as Director of the Central Advisory Commission and Chen Yun as First Secretary of the Central Commission for Discipline Inspection.

The Twelfth National Congress signified a turning-point of historic significance and marked the cooperation between younger and older comrades and the replacement of the latter by the former in the Party's highest leading bodies. It opened a new chapter in the annals of China's socialist modernization and would be remembered for that accomplishment.

The idea to build socialism with Chinese characteristics, put forward by Deng Xiaoping, became China's general guiding principle for the modernization drive. After the Twelfth National Congress he expounded the concept time and again in many talks and speeches. He pointed out that capitalism would not work in China, and that socialism was the only solution. China must uphold Marxism and the socialist path, he said, and here, by Marxism we meant Marxism integrated with the realities of China, and by socialism we meant socialism with Chinese characteristics. He said that the objective of the modernization programme was to develop the economy by quadrupling the gross annual value of national production by the end of the century so that China's per-capita national income would reach eight hundred U.S. dollars, a comparatively well-off standard of living. By then, Deng Xiaoping said, the total value of national production would amount to a trillion dollars, and from there, China would continue to strive for another thirty to fifty years to catch up with developed countries.

To realize this objective, Deng said, China needed correct principles and policies in both domestic and foreign affairs, and the basic policy was to vitalize the domestic economy and economically to open up to the outside world. In addition, he advanced the proposition that the Chinese mainland and Taiwan be peacefully unified by applying the concept of "one country, two systems" and the principle of peaceful coexistence to solving internal problems within a country.

All this was the overall blueprint that Deng Xiaoping had conceived for China's social development in the coming decades —a blueprint of long-term significance guiding China's socialist modernization.

The major events that took place after the CPC Twelfth

National Congress were the Fifth Plenary Session of the Fifth NPC, the Sixth NPC, a national congress of the CPC and the Fifth Plenary Session of the Twelfth Party Central Committee.

The Fifth Plenary Session of the Fifth NPC held November 26 through December 10, 1982 adopted the Constitution of the People's Republic of China by secret ballot. This was China's fourth constitution, the previous three having been dated September 20, 1954, January 17, 1975, and March 5, 1978. The fourth one currently in force included a number of new provisions regarding the machinery of the state.

1) The people's congress system was strengthened; the function and power of the NPC Standing Committee were expanded and its organization reinforced.

2) The posts of President and Vice-President of the People's Republic were restored.

3) A new state Central Military Commission was set up. Its Chairman, who exercised overall responsibility for the Commission, was to be elected by the NPC, and was responsible to it and its Standing Committee. The establishment of the Commission would have no effect on the Party's leadership over the armed forces.

4) The Premier was to exercise overall responsibility for the State Council.

5) The system of the rural people's commune which combined government administration and economic management was to be superseded by organs of state power at the township level. Urban residents' committees and rural villages' committees were to be mass organizations of self-management based in their local areas. Their relationship with organs of state power at the grass-roots level would be determined by law.

6) The President and Vice-President of the People's Republic, the Chairman and Vice-Chairmen of the Standing Committee of the NPC and the Premier and Vice-Premiers of the State Council, should serve no more than two consecutive terms. This provision abolished the *de facto* system of life-long tenure of leading posts.

The new Constitution inherited and carried further the basic

principles of the 1954 Constitution, and fully benefitted from the past experience in developing socialism in China and other socialist countries. It took into account current realities as well as prospects for development. The new Constitution was geared to Chinese characteristics and the needs of socialist modernization in the new historic era, and in this sense, it would stay in force for a long time to come.

The Fifth Plenary of NPC approved restoration of "March of the Volunteers" as the national anthem of the PRC, approved the Report on the Sixth Five-Year Plan for China's Economic and Social Development made by Premier Zhao Ziyang and adopted the Plan. The Plenary also adopted the Organic Law of the National People's Congress, the Organic Law of the State Council and a resolution revising certain provisions of the organic law of the local people's congresses and governments.

The First Plenary Session of the Sixth National People's Congress convened June 6 through 21, 1983. The session elected Li Xiannian as President and Ulanhu as Vice-President of the PRC, Peng Zhen as Chairman of the Standing Committee of the Sixth NPC, Zhao Ziyang as Premier of the State Council, Deng Xiaoping as Chairman of the Central Military Commission of the PRC, Zheng Tianxiang as President of the Supreme People's Court of the PRC, and Yang Yicheng as Procurator of the Supreme People's Procuratorate. Wan Li, Yao Yilin, Li Peng and Tian Jiyun were made Vice-Premiers of the State Council. The meeting elected a number of new state leaders, marking a significant step toward systematizing and regularizing the system of state leadership. The meeting adopted the Report on the Work of the Government made by Premier Zhao Ziyang on behalf of the State Council, affirming that the appraisal of the government's work over the past five years had been based on facts and the tasks for the coming five years were also realistic and attainable through effort.

The National Congress of the CPC convened from September 18 through 23, 1985 to deal with important matters that needed decision before the oncoming Thirteenth National Congress. The meeting adopted the "Proposal of the CPC Central

Committee on the Formulation of the Seventh Five-Year Plan for National Economy and Social Development;" examined and endorsed the report of the Fourth Plenary Meeting of the Twelfth Central Committee that accepted the request of Ye Jianying and about a hundred twenty other veteran cadres to retire from the Party Central Committee, the Central Advisory Commission of the CPC and the Central Commission for Discipline Inspection of the CPC; and readjusted the membership of the three central bodies. This was another big step towards the supersession of the older cadres by younger successors.

The Fifth Plenary Session of the Twelfth Central Committee was held September 24, 1985. Adjustments were made in the Political Bureau and the Secretariat of the Central Committee. Tian Jiyun, Qiao Shi, Li Peng, Wu Xueqian, Hu Qili and Yao Yilin were elected additional members of the Political Bureau. The Secretariat of the Central Committee was to be headed by General Secretary Hu Yaobang, with Hu Qili, Wan Li, Yu Qiuli, Qiao Shi, Tian Jiyun, Li Peng, Chen Pixian, Deng Liqun, Hao Jianxiu and Wang Zhaoguo as its members. The changes strengthened and vitalized the two central organs.

A series of important decisions and measures taken by the CPC Central Committee and the State Council created a new climate for pushing socialist modernization forward. The major ones were as follows:

The "Decision of the CPC Central Committee on Reform of the Economic Structure" was adopted at the Third Plenary Session of the Twelfth Central Committee on October 20, 1984. The Decision pointed out that reform of China's economic structure meant reforming, on the premise of adherence to the socialist system, the interrelated links constituting the relations of production and those concepts that were hindering the development of the forces of production; that the reform was a process of self-improvement and self-perfection of the socialist system; that the purpose of the reform was to promote the rapid growth of social productive forces so as to achieve national prosperity and higher living standards; and that the basic task of the reform was to break through all existing structural constraints that hampered

economic growth and establish a dynamic socialist economic system with Chinese characteristics. The Decision, combining theory and practice, expatiated on a number of important problems such as commodity economy and the law of value, further released minds from the bondage of the "Left" line, refuted old conventional concepts, made theoretical explorations based on new situations, and worked out basic policies for all fields of endeavour. It came up with a blueprint and a complete programme of overall reform, speeding up the pace of reforming the whole economic structure with emphasis on the cities. The Decision exerted profound effect on China's socialist modernization.

The CPC Central Committee Decision of March 13, 1985 on the reform of the science and technology management system held that science and technology must be geared to the central tasks of revitalizing the economy and realizing modernization and that scientific and technological bodies should be able to develop on their own strength and serve economic construction. To achieve these ends, regulations were formulated to enlarge the decision-making powers of research institutions, place the responsibility for running these bodies on their directors, promote technological contracts and establish scientific funds on a trial basis.

On May 27, 1985, the Party Central Committee made a decision on the structural reform of education. The decision contained provisions on the step-by-step institution of nine-year compulsory education, the vigorous promotion of vocational and technical education and the extension of the decision-making power of institutes of higher learning in school management. To strengthen Party and government leadership over education, the State Education Commission was established to make overall plans and provide guidance for educational reform.

The Sixth Plenary Session of the CPC Twelfth Central Committee adopted on September 28, 1986 the "Resolution on the Guiding Principles of Building Socialist Spiritual Civilization." The resolution pointed out that an important characteristic of a socialist society was Marxism-guided socialist spiritual civilization; that in China, its guiding principles were to promote social-

ist modernization, overall reform, the open policy and adherence to the four cardinal principles;[4] and that its basic tasks were to bring up socialist-minded citizens with high ideal, moral integrity, sound education and self-discipline, and to upgrade entire nation in ideology, science and education—all this to meet the needs of socialist modernization.

Other major decisions and measures included: "Provisional Rules on Further Enlarging the Decision-Making Power of State-Owned Industrial Enterprises" drawn up by the State Council on May 10, 1985; the NPC Standing Committee's decision of September 18, 1984 that authorized the State Council to issue draft regulations introducing the practice that state enterprises pay taxes instead of turning over their profit to the state; the "Ten-Point Policy of the CPC Central Committee and the State Council on Further Vitalizing the Rural Economy" dated January 1, 1985; "Arrangements for Rural Work for 1986 by the CPC Central Committee and the State Council" dated January 1, 1986; and the "State Council Stipulations on Certain Problems Concerning Further Promotion of Lateral Economic Alliances" dated March 28, 1986.

Reform in rural China consolidated and perfected the contracted responsibility system with remuneration tied to output. It greatly curtailed the monopoly purchase of agricultural and sideline products by the state, and introduced negotiated pricing for the great majority of agricultural and sideline products. In readjusting the structure of rural production, steps were taken to vigorously develop industrial crops, forestry, animal husbandry, sideline production and fishery, extensively establish village, township and privately-run enterprises, and promote stock and poultry breeding, processing of agricultural products and service trades. On the whole, the rural economy followed a path of comprehensive and coordinated growth. The economic reform was accompanied by nationwide separation of the administrative function of local governments and the economic function of the people's commune. The process was completed by June 1985 when over 92,000 township governments and over 820,000 villagers' committees had been set up.

Reform of the urban economic structure focused on increasing the vitality of enterprises in the production, distribution and circulation of commodities. Corresponding reform of the role of the state in economic management was carried out in the following areas:

—Small state-owned enterprises were managed as collective-owned ones, or were contracted or leased to collectives or individuals.

—The contracted responsibility system was introduced into the nation's economic life. The contractors could be a unit subordinate to its superior body, a group of units jointly contracting for a job or just an individual contractor.

—The decision-making power of state enterprises was expanded in the areas of production and management, sale and pricing, selection and purchase of supplies, use of funds, disposal of property, organizational setup, personnel, wage scale and bonus, and joint projects with other enterprises.

—Turning the compulsory contribution of profits to the state by state enterprises into tax payments. In the early stage of the transition, the state collected either profit or tax. When the turning over of profits was completely replaced by tax payment, the enterprises were able to use after-tax profits for extended reproduction, technological improvement and staff welfare. The reform thus gave more financial power to the enterprises and encouraged the workers' more active participation in improving management and economic results.

—The reform also brought about progress in domestic commerce, the foreign-trade system, pricing system, labour management and wage system.

By the end of 1985 most of the tasks and quotas, as stipulated in the Sixth Five-Year Plan (1981-1985) in the areas of industrial and agricultural production, transport and communications, capital construction, technological advancement, domestic and foreign trade, education, science, culture, and living standards were fulfilled either in advance or overfulfilled. The relations between various sectors of the national economy were brought into better balance.

During the Sixth Five-Year Plan period, the average annual increase of total industrial and agricultural output value was 11 percent, and that of NGP was 10 percent. The breakdown is shown in the following table.

Achievements of Reform and Figures Showing Growth of National Economy During the Sixth Five-Year Plan Period (1981-1985)

Item	*Amount of increase*
Average annual grain production	370.62 million tons
Previous five-year period	305.30 million tons
Average annual cotton production	4.32 million tons
Previous five-year period	2.24 million tons
Average annual pork, beef and mutton production	14.62 million tons
Previous five-year period	9.37 million tons
Coal production in 1985	850 million tons
In 1980	620 million tons
Average annual crude oil production	125 million tons
In 1980	106 million tons
Average annual power generation	407.3 billion kwh
In 1980	300 billion kwh
Average annual steel production	46.66 million tons
In 1980	37 million tons
Total investment in fixed assets by state-owned units	¥ 530 billion
New fixed assets	¥ 388 billion
Number of large and medium-sized projects completed and in operation	496 units
Newly completed electric railway	2,400 kilometres
Total handling capacity of deep-water berths	100 million tons
Renovated existing enterprises in operation	over 200,000 units
Increase of revenue in 1985 over 1980	¥ 78.6 billion

Total value of import and export trade	U.S.$ 230 billion
Foreign loans in various forms	U.S.$ 10.3 billion
Total investment by foreign business firms	U.S.$ 5.3 billion
Technology imported from foreign countries	over 10,000 items
Average annual per capita increase of peasant income after adjustment for price rise	13.7%
Average annual per capita increase of staff and workers' family income in cities and townships	6.9%
Size of newly employed urban population	35 million
Completed floor space for new urban housing	630 million m^2
Newly completed floor space for rural population	3.2 billion m^2
Banked savings of both rural and urban population in 1985	¥ 162.3 billion (three times the figure for 1980)

A rise in the standard of living was evident from the increase in income of both urban and rural people, the increase in purchases of television sets, washing machines, tape recorders, refrigerators and other household appliances, and from the improvement in housing conditions.

A number of notable projects accomplished during the Sixth Five-Year Plan period spoke well for China's progress in science and technology.

—The Gezhouba water conservancy project, the largest ever built in the Yangtze River, after completing the first phase of construction in January 1981, went on into the second phase.

—The launching of China's first carrier rocket in September 1981 with three satellites for space research was followed in October 1982 by the launching of a large carrier rocket from a submarine underwater, hitting the target in a predetermined sea

area. In April 1984 and February 1986, China sent a communications and a communication-broadcasting satellite respectively into earth-synchronous orbits, stationing above the equator at specific longitudes. These achievements ranked China among the world's advanced countries in rocket and satellite communications technology. The Great Wall Industrial Corporation signed a memorandum of intent with an American firm on April 20, 1984, agreeing to send two of the U.S. firm's communications satellites into space with the Chinese Long March III rocket in December 1987 and in 1988. The agreement marked the entry of Chinese space technology in the world market.

—In December 1983 the China-designed "Galaxy" supercomputer system capable of 100 million vector operations per second went into operation.

—The nuclear fusion experimentation device "China Circulator I," designed and produced in China, was set into motion in the suburbs of Leshan municipality, Sichuan Province, on September 21, 1984.

—In the area of biochemistry, China completed on February 20, 1981 the synthesis of ribonucleic acid transferred from fermented alanine. China was the first country to succeed in the synthesis.

—China's first Antarctic observation station, the Antarctic Great Wall Station of China, was inaugurated on George Island on February 20, 1985.

In the fields of education and cultural activities, the Sixth Five-Year Plan period witnessed a rapid growth of higher education, with the total enrollment of college undergraduates rising from 1.14 million in 1980 to 1.7 million in 1985. Professional and vocational education developed fast, and the spread of primary education also made headway. Cultural activities in the areas of literature, arts, journalism, publishing, radio, films and television as well as public health work all gained new progress.

The most prominent achievements were in sports and physical culture. At the twenty-third Olympic Games held in Los Angeles, California, July 29 to August 13, 1984, Chinese athletes came away with 15 gold, 8 silver and 9 bronze medals, ending up

in fourth place in the number of gold medals won. At the Tenth Asian Games held in Seoul, South Korea, September 20 through October 5, 1986, China reaped 94 gold, 82 silver and 46 bronze medals, and continued to place first in the total number of gold medals won.

The People's Liberation Army continued to perfect itself in the process of standardization and modernization. The Central Military Commission promulgated the Interior Service Regulations of the PLA in October 1984. Deng Xiaoping announced the decision of the Chinese government at an enlarged meeting of the military commission on June 4, 1985 that the PLA would be reduced by a million men within a two-year period. The PLA University for National Defence was founded on December 19, 1985. Oriented to modernization, actuality and the future, the university was both an educational institution and a scientific research centre. By the end of 1985 the field army had been completely replaced by group army. The development of the Chinese army from a single-arm to a multiple-arm army, and now to a multiple-arm group army represented an important achievement in the structural reform of the PLA and a new stage in its modernization process. The quality of the military personnel improved greatly, and the weaponry was renewed.

The PLA's dual-purpose training programme yielded gratifying results. Officers and men trained in both military and vocational skills were a big help to local development projects.

The Fourth Session of the Sixth National People's Congress held in April 1986 convened at a time when the financial and economic situation had taken a turn for the better and the national economy was in the process of stabilized and coordinated development. After serious examination and discussion, the session approved Premier Zhao Ziyang's Report on the Seventh Five-Year Plan for National Economy and Social Development and also approved the Plan itself in principle. The main tasks for the Seventh Five-Year Plan period were:

1) To create a favourable economic and social environment so as to facilitate the reform of the economic structure and lay the groundwork for a new type of socialist economic structure

with Chinese characteristics.

2) To maintain a steady growth of the economy and prepare the materials, technology and trained personnel required for continued economic growth and social development into the 1990s.

3) To further improve the living standards of the people in town and country on the basis of increased production and better economic results.

In order to fulfil the tasks of the Seventh Five-Year Plan, top priority was given to reform, the key being the intensive and systematic restructuring of the economy in three major aspects:

a. To further invigorate enterprises, especially large and medium-sized ones under state ownership, and turn them into relatively independent economic entities and commodity manufacturers and dealers having full authority over management and full responsibility for their own profits and losses.

b. To further develop socialist markets and gradually perfect the market system.

c. To gradually change the role of the state from mainly direct to mainly indirect control over the management of enterprises, and to establish a new system of socialist macro-economic management.

According to the Seventh Five-Year Plan, the increase in the total output value of agriculture and industry for the five years should be 38 percent, and that in GNP should be 44 percent; the total output value of agriculture and industry by 1990 should reach 16.77 trillion yuan (estimated according to 1980 prices), or 1.3 times over that of 1980; the GNP by 1990 should reach 11.17 trillion yuan, or 1.6 times over that of 1980.

Good progress was also envisaged in the areas of science, technology, education, culture and living standards.

Fulfilment of the reform-oriented Seventh Five-Year Plan would give China a solid foundation for a vigorous socialist economy with Chinese characteristics, and considerably increase the nation's economic strength. This would be the decisive factor in realizing China's overall goals set for the end of the century and the first fifty years of the coming century when she expects

to reach the economic and technological standards of the developed countries.

8. Economic Growth and Political Stability

China began her Seventh Five-Year Plan in 1986. Achievements were notable. The total social output value[5] for 1986 came to 1,877.4 billion yuan, an increase of 9.1 percent over the previous year. Of this the total output value of industry and agriculture was 1,510.4 billion yuan, a 9.3 percent increase over 1985. National income reached 779 billion yuan, up 7.4 percent over 1985. The total grain crop was 391.09 million tons, 11.99 million tons more than in the previous year. Steel output was 52.05 million tons, an increase of 11.2 percent over 1985. Electricity was 445.5 billion kwh, 8.5 percent over the previous year. Along with the steady growth in production, technological progress accelerated, the domestic market flourished, foreign trade was brisk, people's income increased, and science, technology, culture, education, health and sports all made headway. The gross national product was 938 billion yuan, up 7.8 percent from 1985. The 1986 revenue was 220 billion yuan and the per-capita consumption increased to 450 yuan.

The major problems in the economy were excessive investment in fixed assets, incoordinate growth in consumer demands, imbalance in national finance and foreign-exchange revenue and expenditure, price hikes for some commodities and low cost-effectiveness in industrial production. The 1986 budget had a deficit of 7.08 billion yuan. A deficit of 8 billion yuan was planned for the 1987 state budget because of many indispensable projects.

Although the economic situation was good on the whole, disturbing factors remained. First, most departments and local authorities had sought an excessively high growth rate. In order to surpass others, they tried to accomplish too much in too short a period of time at the expense of plans and priorities. This had led to over investment in fixed assets out of step with the existing

level of economic strength. Second, the local authorities squandered large amounts of public funds on pleasure tours, extravagant banquets and gifts for important visitors, excessive benefits for participants of meetings, elaborate decor in hotels and guest houses, and etc. All this resulted in overspending, which the national economy could not afford.

To overcome these problems, the government pointed out the need for increasing production and revenue and cutting down cost and expenditures. While supply in general increased and improved, excessive demand was checked so as to maintain a rough balance between total supply and total demand. Extrabudgetary funds were transferred to reinforce government-planned key construction projects. Various departments and local authorities were instructed to spend their funds on energy, transportation and necessary infrastructure, and to further improve production through lowering costs, raising quality and increasing variety.

The government's efforts to strengthen macroeconomic control succeeded to some extent in slowing down the excessive economic growth rate that had actually begun in late 1984. The nation once again embarked on a path of long-term steady development.

China's reform and open policy could not proceed without political stability and solidarity. Over a period of time leadership in the ideological field weakened; propagation of Marxism was not given enough attention and support; and what was called bourgeois liberalization was condoned. As a result, this erroneous ideology, which were opposed to the four cardinal principles, and which ran counter to the nation's historical orientation as well as the will of the Chinese people, began to spread. In essence, bourgeois liberalization represented an attempt to break away from the leadership of the Communist Party and negate the socialist system in favour of capitalism. These ideas caused ideological confusion for some and deluded a number of unknowledgeable young people, thus impairing political stability and unity.

At the end of 1986 some students took to the streets in demonstrations in Hefei, Wuhan, Shanghai, Nanjing, Hangzhou and Beijing. Ten to twenty thousand students were involved, accounting for one or two percent of China's two million college students. The demonstrators were concerned about democracy and freedom, but most of them did not have clear goals and demands. Most were patriots supportive of reform and willing to contribute to the nation's rejuvenation. Hoping for speedier progress in socialist democracy in China, the students took in radical ideas and went into action. A few people tried to exploit the students' enthusiasm, and spoke and acted against the Constitution. A handful of agitators passing for students disrupted public order. In Shanghai and Nanjing motor vehicles were burned, security laws were breached, but none of these acts were committed by students. There were some arrests but no students were arrested for putting up big-character posters or joining demonstrations.

The authorities pointed out that under the influence of bourgeois liberalization, some students had wanted to copy Western democracy, which was impractical in China because without the four cardinal principles, particularly the leadership of the Chinese Communist Party, there would be no unity or social order and nothing could be achieved. If bourgeois liberalization were allowed to spread unchecked, the authorities insisted, more people, especially young people, would lose their bearings; the country would be in turmoil and construction and reform would be out of the question. Thus the struggle against bourgeois liberalization had a direct bearing on China's socialist modernization and her future destiny. The authorities made it clear that the state had always regarded college students as good sons and daughters of the motherland, and their great concern for reform was readily understandable. But the way they expressed it was not acceptable, for their street demonstrations had held up traffic and disrupted public order in violation of the Constitution and relevant regulations, and putting up big-character posters was clearly against the law. The authorities went on to provide the students with better education and guidance and more opportunities to get in touch

with social reality. These policies and measures brought the students' unrest to an end.

On January 16, 1987, the Political Bureau of the CPC Central Committee held an enlarged meeting at which Comrade Hu Yaobang made a self-criticism of his mistakes on major issues of political principles in violation of the Party's principle of collective leadership during his tenure as General Secretary of the CPC Central Committee. He requested the Central Committee to approve his resignation as the General Secretary. Participants in the meeting passed on him severe but comradely criticism and at the same time acknowledged his achievements. The enlarged meeting made the following decisions: First, it unanimously agreed to accept Comrade Hu Yaobang's resignation as the General Secretary of the Party Central Committee; second, it unanimously elected Premier Zhao Ziyang Acting General Secretary of the Party Central Committee; third, the above two decisions were to be submitted to the next plenary session of the Central Committee for confirmation; fourth, Comrade Hu Yaobang would retain his posts as a member of the Political Bureau and a member of the Standing Committee of the Political Bureau of the Party Central Committee. The enlarged meeting urged the whole Party to continue to implement the political line, principles and various domestic and foreign policies formulated by the Party Central Committee since the Third Plenary Session of the Eleventh Central Committee held in 1978, adhere to the four cardinal principles and combat bourgeois liberalization, take economic construction as the central task and concentrate efforts on developing the social productive forces, support all-round reform and the policies of opening to the rest of the world and invigorating the domestic economy, promote socialist democracy and improve the socialist legal system, and consolidate and enlarge the patriotic united front. The meeting stressed that all Party members and all nationalities of the country should be mobilized and organized to work hard and unite as one to strive to fulfil the tasks set in the Seventh Five-Year Plan.

Earlier, the CPC Central Committee and the State Council had adopted decisions to reorganize the leading body of the China

University of Science and Technology. On January 12, 1987, Professor Teng Teng, vice-president of Qinghua University and vice-minister of the State Science and Technology Commission, was appointed president of the China University of Science and Technology and dean of the university's graduate school. Peng Peiyun, vice-minister of the State Education Commission, was appointed secretary of the university's Party Committee. Guan Weiyan was charged with gross dereliction of duty and removed from his posts as president of the university, deputy secretary of the university Party Committee and dean of the university graduate school. Fang Lizhi, who had made many erroneous statements advocating bourgeois liberalization, was removed from his post as vice-president of the university. Guan and Fang were transferred to the Institute of Physics of the Chinese Academy of Sciences and the Beijing Observatory as research fellows.

On February 4, in answer to a reporter's question, the spokesman of the Ministry of Foreign Affairs announced that the Central Committee of CPC had appointed Wang Renzhi, deputy editor-in-chief of *Red Flag* magazine[6], director of the Propaganda Department of the Central Committee of CPC. The former director, Zhu Houze, had been transferred to the Rural Development Research Centre, under the State Council, as vice-chairman.

On January 13 the Central Commission for Discipline Inspection of the CPC issued a circular, *CPC Members Should Abide Strictly by the Party Constitution.* It stressed that it was the unshirkable duty of Party organizations at various levels and of each Party member to struggle against any words or deeds that ran counter to the Party Constitution. The circular called on Party members to abide conscientiously by the Party Constitution and observe strictly Party discipline, especially political discipline. Party organizations at various levels and all Party members should follow the Central Committee closely in ideology and politics and implement resolutely the line, principles, policies and resolutions set forth by the Central Committee. If Party members differed with the major principles and policies established by the Central Committee, they could present their views through proper procedures, but first they should firmly carry out the estab-

lished policies. They could not do as they pleased or publish statements or, still less, take actions contrary to the Party's line, principles and policies. This was the Party's political discipline, the most important part of Party discipline. The circular also required Party organizations at various levels, including discipline inspection departments, to uphold the four cardinal principles conscientiously and oppose bourgeois liberalization with a clear stand. Persisting in the four cardinal principles was mandatory under any circumstances, and any wrong statements and actions at variance with the Party Constitution should no longer be condoned but firmly rejected. Any Party member, no matter who he was, how high his position or how famous, should be punished if he violated Party discipline, deviated from the four cardinal principles, or advocated bourgeois liberalization. The few Party members who presumptuously did what they liked in spite of repeated warnings from Party organizations, thus causing serious damage to the Party, should be expelled so as to maintain Party purity.

The circular called for serious attention to be paid to the fact that a small number of Party members, including some in leading positions, taking advantage of reform and the open policy, had neglected the Party's political discipline and published statements diverging from the political line, principles and policies formulated by the Third Plenary Session of the Eleventh Party Central Committee. They had made groundless accusations, distorted facts, resorted to demagoguery and even spurned publicly the four cardinal principles, vilifying and negating the Party's leadership and attacking the socialist system. As a result, the erroneous ideas of bourgeois liberalization had spread in some localities and departments. The circular called upon Party organizations at all levels to firmly execute the relevant instructions from the Central Committee, give the task of struggling against bourgeois liberalization high priority on Party Committee agendas and tend to it well. All Party members were urged to staunchly defend Party discipline, take the Party Constitution as the basis of their utterances and actions, persist in the four cardinal principles and stand firmly in the forefront of the fight against

bourgeois liberalization. They were also to conscientiously protect political stability and unity and bravely counter any words or deeds contrary to the four cardical principles, thereby setting examples for others to follow.

The Anhui Provincial Party Disciplinary Inspection Commission decided on January 17, 1987 to expell Fang Lizhi from the CPC. The decision pointed out that over the last several years, Fang had openly advocated bourgeois liberalization on various occasions, opposed the four cardinal principles, negated the Party leadership and socialist system, sowed dissension between intellectuals and the Party, and incited students to make trouble. His acts had led to serious consequences. His main mistakes were: propagating the idea that Marxism was out of date and negating its guiding role; negating the socialist system and calling for total "Westernization" of China along the capitalist line; openly advocating change in the true colour of the Party and negating its leading role; advocating universities steering clear of Party leadership and the "complete independence" of universities and sowing dissent between intellectuals and the Party and government. Under his incitement, some students from China University of Science and Technology and other colleges in Hefei took to the streets in demonstrations, upsetting political stability and unity. Party organizations had criticized him for his mistakes many times, but he had insisted on his ways and seriously damaged the Party. Evidence indicated that Fang lacked the qualities necessary for Party membership.

On January 13, 1987, the Shanghai Municipal Party Disciplinary Inspection Commission had decided to expel writer Wang Ruowang, a council member of the Chinese Writers' Association and of the Shanghai Writers' Association, from the Chinese Communist Party. He had attacked and defamed the socialist system while advocating the capitalist road. He had vilified the Party's leadership, saying that the Party was keen on power struggles. He had opposed the Party's leadership over literature and art. Despite repeated admonitions from the Central Committee and the Shanghai Municipal Committee of the CPC, he had refused to mend his ways, complying in appearance but disagree

in heart. As a result, he had gone farther and farther down the wrong road.

On January 23 the Party Disciplinary Inspection Commission of *People's Daily* decided to expel Liu Binyan, reporter for the newspaper and vice-chairman of the Chinese Writers' Association, from the Chinese Communist Party. He had attacked the four cardinal principles and called them doctrinairism, and denounced Marxism as an outmoded ideology. A more serious offence was that he had violated the Party Constitution and Party discipline in publicity work by refusing to check and respect facts in his reportage, thus creating confusion in society. Liu had refused to mend his ways despite repeated criticism from central and local Party committees.

Expelling Fang Lizhi, Wang Ruowang and Liu Binyan from the CPC showed that every Party member, no matter who he was or how famous he was, must obey Party discipline. All violations, without exception, should be punished according to the Party's disciplinary rules.

The Nineteenth Meeting of the Standing Committee of the National People's Congress was held from January 12 to 22, 1987.

He Dongchang, vice-minister of the State Education Commission, gave a report on student unrest in some universities toward the end of the previous year. It should be noted, he said, that most of the students who had participated or involved in the unrest were concerned about China's reforms. They were patriotic and willing to contribute to the revitalization of the country. Although they had failed to handle matters properly, they could be brought around by way of persuasion and education, and therefore, should not be lumped together with the handful of people who insisted on bourgeois liberalization, still less with the few criminal offenders. The mainstream of the student body's outlook was sound, he said, adding that mistaken views were the main cause that led off the demonstrations. For some time, he went on, views advocating complete Westernization, unconditional acceptance of Western democracy and the "emancipation of personality," and discarding Chinese culture, common ideals, moral values and discipline, had run rampant. Another reason for

the student unrest was that ideological and political work in the universities and colleges could not keep abreast of developing situations. Overloads in administrative and logistics work resulting from excessively rapid enrollment expansion, coupled with bureaucracy and poor management in some universities, had also aroused dissatisfaction among the students. Shortcomings in procedures for electing deputies to grassroots people's congresses, which had started in some localities, were another reason. He said that there should be a clear-cut stand on these issues, and that the students should be helped to distinguish right from wrong through education and persuasion. Full application of the legal system was another important means of rectification, he added.

In order to develop socialist democracy, improve the socialist legal system, protect citizens' freedom and legitimate rights, keep social order, strengthen political stability and unity, carry out economic and political structural reform step by step under proper leadership, and ensure the success of socialist modernization, the Standing Committe of NPC passed on January 22, 1987 the Resolution on Strengthening Legal Education and Safeguarding Stability and Unity. The resolution reaffirmed those provisions in the Constitution and the Criminal Law that were pertinent to the maintenance of political stability, unity and public order under socialism. It stressed that a stronger sense of respect for the Constitution and the concept of responsible citizenship should be instilled into the minds of the cadres and the general public through legal education. The Constitution should be the basic criterion for all actions and the instrument rallying all nationalities of the country in their joint effort to build socialism with Chinese characteristics.

The Central Committee of CPC followed up with a circular notice calling on Party organizations at all levels to carry out the resolution of the NPC Standing Committee, stating that the resolution was an important teaching material for nationwide legal education centred on the Constitution, and that it was also a powerful legal and ideological weapon to uphold the four cardinal principles, fight against bourgeois liberalization and safeguard stability and unity. The circular called for the setting

up and training of speakers' teams to explain the resolution in the light of actual situations to the people in every community to ensure the implementation of the Constitution and various laws.

Zhao Ziyang, then Acting General Secretary of the Chinese Communist Party Central Committee and Premier of the State Council, made an important speech on January 29 at a Spring Festival gathering attended by forty-five hundred people from all walks of life in Beijing. He said that the only purpose of upholding the four cardinal principles and opposing bourgeois liberalization was to implement comprehensively and correctly the line adopted by the Party since the Third Plenum of the Eleventh Party Central Committee of 1978. The line was, according to the Central Committee of the CPC, to proceed from China's reality and build socialism with Chinese characteristics. The line included two basic ingredients: to uphold the four cardinal principles and to implement the policy of reform, opening to the outside world and invigorating the domestic economy. The two components were closely related, he stressed, and neither of them could be dispensed with, and the core of the four cardinal principles was Party leadership. On behalf of the CPC Central Committee Zhao announced that the fight against bourgeois liberalization would not take the form of political movement but would be kept strictly within the Party. He said some Party members were keen on vilifying the Party and spreading dissatisfaction from within. Disciplinary action should be taken in accordance with the Party Constitution against the handful of Party members who had committed serious mistakes with grave consequences and yet refused to observe Party discipline, Zhao warned. The speech reiterated that the set policies would not be changed, including comprehensive reform, opening to the outside world, invigorating the domestic economy as well as the policy of respecting knowledge and trained personnel. Everybody should work hard to make these policies function even better, he urged.

The struggle to uphold the four cardinal principles and oppose bourgeois liberalization, which began in the first month of 1987, was a major political and ideological event that attracted wide attention. The student unrest soon calmed down, but the

struggle did not end then and there; it had to be carried forward in depth for a long period and in a healthy manner. Deng Xiaoping, Chairman of the Central Advisory Commission of the CPC, had pointed out earlier that the struggle against bourgeois liberalization would continue throughout the entire process of reform and opening to the outside world. In 1987 he further explained that in China bourgeois liberalization meant the capitalist road. This was a crucial issue, he said, and those who advocated it were blind to China's actualities and knew neither China's past nor its present: Proceeding from China's reality, Deng reiterated the reasons why China should persist in the four cardinal principles and eschew the capitalist road and bourgeois liberalization. He went on to analyze the Chinese social and historical background leading to the wrong concept of bourgeois liberalization, and the long process of combatting it. Since the struggle would permeate the entire process of modernization, it would last fifty to seventy years, he said.

From March 25 to April 11, 1987, the Fifth Session of the Sixth National People's Congress was held in Beijing. The session approved Premier Zhao Ziyang's report on government work in the past year. The meeting adopted certain provisions on the number of deputies to be elected to the Seventh National People's Congress and the procedures of their election, and passed in principle the Organic Law of the Villagers' Committees of the People's Republic of China (Draft). A resolution was passed to authorize the Standing Committee of NPC to examine and ratify the Joint Communique of the People's Republic of China and the Republic of Portugal on Macao after it was officially signed by the governments of the two countries.

Premier Zhao announced in his Report on Government Work that after several months of work since the end of last year the concept of bourgeois liberalization, which was for a time widespread, had been curbed. However, the premier pointed out that great efforts had to be made to eliminate its pernicious influence. He said that the ultimate purpose of the struggle against bourgeois liberalization was to unite more closely all nationalities of the country and, on the basis of the four cardinal

principles, to better carry out the all-round reform and the open policy, so as to build socialism with Chinese characteristics more effectively. He pointed out that the struggle against bourgeois liberalization was going to be hard, complex and protracted, and in view of the lessons drawn from past experience, no political campaigns would be launched and the "leftist" mistakes shouldn't be repeated.

Summing up the principles the CPC central authority had followed in the struggle against bourgeois liberalization in the past several months, Zhao Ziyang said in his report:

—The struggle would be confined strictly within the Chinese Communist Party and conducted chiefly in the political-ideological domain. It would emphasize solving problems of basic political principles and orientation, and not concern itself with policies of economic reform, rural policies, scientific and technological research, exploration of literary and artistic styles and techniques, and the everyday life of the people.

—It would not be conducted in rural areas and, in enterprises and institutions, the approach would be education through positive examples. No attempt would be made to ferret out representative characters, to implicate people at higher or lower levels or to have everybody make self-criticisms.

—It was imperative to unite with the overwhelming majority of people and draw a strict line between the tiny handful who had all along opposed the four cardinal principles and insisted on bourgeois liberalization and people who shared such a view on some issues but kept an open mind and respected discipline.

—A strict line was drawn between bourgeois liberalization and non-Marxist academic views, writings containing common errors or faults in academic research.

—Differing ideas on academic theories and on culture and art would continue to be approached through normal free discussion or criticism and countercriticism in accordance with the relevant provisions of the Constitution.

—Decisions on the disposition of the individuals involved would be made with utmost discretion. Those who had made the mistake of espousing bourgeois liberalization would be severely

criticized but given ample time to ponder the problem; their self-criticisms were always welcome. Those who had taken erroneous stands or written erroneous articles under the influence of bourgeois liberalization would be encouraged to hone their political judgement through study and practical application. For those few individuals who stubbornly clung to bourgeois liberalization, even when removed from leading posts, they would be assigned suitable jobs so that they could continue to make their contributions with their professional skills.

Zhao emphasized that throughout the struggle against bourgeois liberalization, there would be no change in the following policies:

—the overall policy of concentrating on the development of productive forces to modernize the economy, and of redoubling efforts to build a socialist society well developed materially, culturally and ideologically,

—the policies of implementing all-round reform and opening to the outside world,

—the various current policies for rural and urban areas,

—the principles and policies of consolidating and developing the patriotic united front,

—the policy of continuing to "let a hundred flowers blossom, a hundred schools of thought contend,"

—the policy of respecting knowledge and training and of exploiting to the full the potentials of intellectuals.

Not only would there be no changes in all these principles and policies, but they would be adhered to more precisely, more effectively and for a long time to come.

On the question of deepening the economic structural reform and opening wider to the outside world, Zhao Ziyang pointed out that the reform must serve the development of planned commodity economy based on socialist public ownership, and must focus on invigorating enterprises and perfecting the market system and the system of macroeconomic control. Price reform was a matter that touched on every home and had aroused widespread discussion, and was highly involved. He pointed out that price reform in China was essentially a process of structural

readjustment. While in the course of reform the general price level was bound to rise because of mild inflation, it was imperative to reform irrational pricing systems and the price-control mechanism. As wages were on the increase, prices could not possibly remain the same, but the premier emphasized that price reform should combine relaxing control with necessary adjustments and progress at a steady pace, and that the government should take great care to ensure that increase in people's incomes would not be outstripped by price hikes.

Premier Zhao reaffirmed that opening to the outside world was a basic policy, one that would remain in force for a long time. He said using foreign funds and attracting foreign businessmen to launch joint ventures, cooperative enterprises or wholly foreign-owned ones was a major component of the open policy. The various policies promulgated by the State Council stipulating preferential treatment for foreign investors in China would be carried out to the letter, and relevant economic laws would be perfected to provide a more favourable investment environment for foreign businessmen. In light of both Chinese and foreign experience, he laid down three guiding principles in the use of foreign funds: 1) there must be control over the total amount of foreign loans procured, and the terms of such loans should be rational and compatible with the ability of repayment and assimilation; 2) foreign funds must be used for production and construction, with emphasis on enterprises that manufacture foreign-exchange-generating merchandise for export, substitute imported plants or use advanced technologies; 3) economic results must be emphasized in the use of foreign funds. The net income of these enterprises must on no account be spent in total. A sufficient amount must be retained to service foreign loans on time. This was the only way to maintain China's international credit standing and prestige.

In his report Premier Zhao Ziyang stressed the need for earnest efforts in six major areas to ensure steady, sustained economic growth.

1) To attach great importance to agriculture.

2) To make the scale of construction compatible with na-

tional strength. Initial success was achieved in 1986 in curbing excessive increase of investment in fixed assets, but the increase in fixed-asset investment outside the plan had yet to be brought under control as too many large projects were still in progress and the scale of construction was still overextended. Irrationality in fixed-asset investment had led to underinvestment in such vital areas as energy, transport, telecommunications and the raw and semifinished materials industries. To ameliorate the situation, the State Council decided in early 1987 to carry out resolutely the policy known as the "three guarantees and three restrictions," i.e., to guarantee completion of projects included in the plan, productive projects and key projects, while restricting those that are outside the plan, nonproductive and nonkey.

3) To base increase of consumption firmly on growth of production. Purchasing power for more and better consumer goods were growing too fast, with excessive increases in wages and bonuses and in group purchases pushing up production costs and intensifying the contradiction between consumption and production. As consumption had to be buttressed by production, increase in people's living standards had to be slower than that in production and labour productivity, and the growth of individual and group purchasing power must be in step with the production of consumer goods. In the initial stage of socialist modernization when large funds had to be accumulated for construction, China must, for a long time to come, adhere to the principle of conducting all undertakings with thrift and hard work, instead of indulging in inordinate spending.

4) To achieve basic balance between state revenue and expenditure and between credit receipts and payments.

5) To guard against the tendency to pursue an unrealistically high growth rate.

6) To steadfastly push on with comprehensive reform of the economic structure so as to maintain steady, sustained economic growth.

The premier pointed out specifically that it was necessary to launch a widespread, thoroughgoing and protracted drive to increase production, practise economy, raise revenues and reduce

expenditures, with the main emphasis on increasing economic returns and social benefits. Any squandering of funds must be stopped, and strict government control over public spending must be maintained for a long time to come, he said.

The report outlined the two major tasks confronting the nation. First, in the economic field, to adhere to correct policies in economic construction; push on with the nationwide drive to increase production, practise economy, raise revenues and reduce expenditures; intensify structural reform and open the country further to the outside world— all this to ensure the stable, sustained growth of the nation's economy. Second, in the political-ideological field, to intensify nationwide education in the four cardinal principles, combat bourgeois liberalization and further promote socialist culture— all this to continue to consolidate and develop political stability and unity.

Premier Zhao said in conclusion that the domestic and international situations were favourable to both construction and reform. It was China's unshakable resolve, under the leadership of the Chinese Communist Party, to constantly cement the great unity of all the nationalities of the country, to steadily enhance friendship and cooperation with other countries and peoples around the world, to advance the cause of building socialism with Chinese characteristics and to work for the peaceful reunification of the motherland. No force or interference could stop China's advance. The entire population, he said, were full of hope and confidence in the victories lying ahead.

9. Major Measures Taken at the Thirteenth CPC National Congress and the Seventh NPC for Stabilizing the Economy and Deepening the Reform

The Thirteenth National Congress of the Communist Party of China held in Beijing from October 25 to November 1, 1987 pointed out that the central task of the Congress was to quicken and deepen the reform. At the meeting were 1,936 representatives

of the 46 million Party members, and 61 special delegates. Another 317 influential people in various circles inside and outside the Party were invited to attend the meetings as non-voting delegates.

Deng Xiaoping presided over the meeting. Zhao Ziyang, entrusted by the Twelfth Central Committee, delivered a report entitled "Advance Along the Road of Socialism with Chinese Characteristics."

In the report Zhao Ziyang pointed out that in the last nine years, beginning from the Third Plenary Session of the Eleventh Central Committee at the end of 1978 through the Twelfth Party Congress to the present Congress, the national economic strength and the people's material life had improved more rapidly than in any other period since the founding of the People's Republic. This was in sharp contrast to what it was in the twenty years before 1978 during which, under the influence of "left" ideology that took class struggle as the "key link," economic development suffered frequent setbacks and the people's standard of living improved only slightly. The economic growth over the last nine years, he said, was inseparable from the strong efforts made, after having restored things to order, to advance the all-round reform and the open policy. During this nine-year period, Zhao Ziyang said, Deng Xiaoping, with his courageous theoretical exploration based on Marxism, his realistic approach, rich experience, wisdom and farsightedness, had made highly significant contributions to decision-making on a series of key issues and to the creation of a new situation in construction, reform and opening to the outside world.

Zhao Ziyang pointed out that as China was still rather backward the tasks ahead would be even more arduous. "If we do not redouble our efforts, our country and our people may fall further behind and China will not be able to take its rightful place in the world," he warned. The central task of the Thirteenth Congress, he said, was to accelerate and deepen the reform, which was the only process through which China could be revitalized, a process which was irreversible and which accorded with the will of the people and the general trend of events.

Adhering to the ideological line of seeking truth from facts and closely integrating basic Marxist principles with the concrete practice of China's construction and reform, the report dwelled on the proposition that China was now in the primary stage of socialism."There are two aspects to this thesis," Zhao Ziyang said. "First, Chinese society is already a socialist society. We must persevere in socialism and never deviate from it. Second, China's socialist society is still in its primary stage. We must proceed from this reality and not jump over this stage.... (The primary stage in China) is not the initial phase in a general sense, a phase that every country goes through in the process of building socialism. Rather it is, in a particular sense, the specific stage China must necessarily go through while building socialism under conditions of backward productive forces and an underdeveloped commodity economy. It will take at least 100 years from the 1950s, when the socialist transformation of private ownership of the means of production was basically completed, to the time when socialist modernization will have been in the main accomplished, and all these years belong to the primary stage of socialism.... It is a stage in which the people of the whole country will rise to meet the challenge and bring about a great rejuvenation of the Chinese nation."

The report stated that the basic line of the Communist Party of China during the primary stage of socialism was "to lead the people of all our nationalities in a united, self-reliant, intensive and pioneering effort to turn China into a prosperous, strong, democratic, culturally advanced and modern socialist country by making economic development our central task, while adhering to the four cardinal principles and persevering in reform and the open policy. Adherence to the four cardinal principles is the foundation underlying all our efforts to build the country.. Adherence to the general principle of reform and the open policy has been a new development in our Party's line since the Third Plenary Session of the Eleventh Central Committee and has added to the four cardinal principles new content appropriate to our time.... We must not interpret the four cardinal principles as something rigid, lest we come to doubt or even reject the general

principle of reform and opening to the outside world. Neither can we interpret reform and the open policy as things bourgeois liberal, lest we deviate from the path of socialism.... The struggle to eliminate the interference and influence of the two erroneous tendencies— hidebound thinking and liberalization— will last throughout the primary stage of socialism. Since the old 'Left' habits of thought are deep-rooted and since they are the main source of obstacles to reform and the open policy, the major task for quite a long time will be to overcome hidebound thinking."

Having set forth the overriding basic line, the report further put forward the basic policies for economic development, economic restructuring, political restructuring and Party building, and mapped out a basic blueprint for China's construction and reform in the coming years.

The Congress adopted the revisions of some articles of the Constitution of the Communist Party of China. The principal points are as follows:

—In the election of delegates to Party congresses and of members of Party committees at all levels, the number of candidates shall be greater than that of the persons to be elected;

—The Secretariat is the working body of the Political Bureau and its Standing Committee, and the members of the Secretariat are nominated by the Standing Committee of the Political Bureau of the Central Committee and are subjected to endorsement by the Central Committee in plenary session;

—The members of the Military Commission of the Central Committee are decided on by the Central Committee;

—In an enterprise or institution where the system of administrative leader assuming full responsibility is practised, the primary Party organization guarantees and supervises the implementation of the principles and policies of the Party and the state in its own unit.

In the preliminary and formal elections of the 175 full members and the 110 alternate members of the new Central Committee, the 200 members of the new Central Advisory Commission and the 69 members of the new Central Discipline Inspection Commission, secret ballot was held for the first time

in many years. In the preliminary election, the number of candidates were greater than that of the persons elected. In the formal election, the two numbers were equal.

The Thirteenth CPC Central Committee held its first plenary session on November 2, 1987. The session elected the following full members of the Political Bureau of the Party Central Committee: Wan Li, Tian Jiyun, Qiao Shi, Jiang Zemin, Li Peng, Li Tieying, Li Ruihuan, Li Ximing, Yang Rudai, Yang Shangkun, Wu Xueqian, Song Ping, Zhao Ziyang, Hu Qili, Hu Yaobang, Yao Yilin and Qin Jiwei. Alternate Member of the Political Bureau: Ding Guangen; Members of the Standing Committee of the Political Bureau; Zhao Ziyang, Li Peng, Qiao Shi, Hu Qili and Yao Yilin; General Secretary of the Party Central Committee: Zhao Ziyang; Members of the Secretariat of the Party Central Committee: Hu Qili, Qiao Shi, Rui Xingwen and Yan Mingfu; Alternate Member of the secretariat: Wen Jiabao; Chairman of the Military Commission of the Party Central Committee: Deng Xiaoping; First Vice-Chairman: Zhao Ziyang; Permanent Vice-Chairman: Yang Shangkun.

The first plenary session of the Central Advisory Commission elected Chen Yun Chairman and Bo Yibo, Song Renqiong Vice-Chairman of the Commission. The first plenary of the Central Commission for Discipline Inspection elected Qiao Shi Secretary and Chen Zuolin, Li Zhengting and Xiao Hongda Deputy Secretaries of the Commission. The results of the elections were approved by the Thirteenth CPC Central Committee at its first plenary session.

The Standing Committee of the Sixth National People's Congress held its 23rd session on November 12-24, 1987. The session decided to accept Zhao Ziyang's resignation from the premiership of the State Council and appoint Vice-Premier Li Peng as Acting Premier of the State Council to exercise the functions and powers of the premier and guide the work of the State Council.

Over a period of time, the state, Party and government had continued to combat all forms of passivity and corruption, expel corrupt elements from the Party and take stringent measures

against dereliction of duty, bureaucracy, mismanagement or breach of discipline that had led to disastrous consequences.

Ni Xiance, former deputy secretary of the Jiangxi provincial Party Committee and governor of the province, used his powers to shield smuggling and graft, and misappropriated US$ 600,000 from the state treasury to help criminals escape prosecution. In May 1987, the Central Commission for Discipline Inspection, with the approval of the CPC Central Committee, decided to expel Ni Xiance from the Party. The Intermidiate People's Court of Nanchang sentenced Ni to two years of imprisonment.

Another case in point was Shen Tu, member of the Party Central Committee and former director of the Civil Aviation Administration of China (CAAC), who violated the code of conduct in foreign affairs by using his power to obtain free passage for his child on international flights. On July 14, 1987, the Political Bureau of the Party Central Committee made a decision to dismiss Shen from membership in the Party Central Committee. The decision was confirmed at the Seventh Plenary Session of the Twelfth Party Central Committee held on October 20, 1987.

From May 6 to June 2, 1987, a catastrophic forest fire occurred in the Greater Xing'an Mountains in northeast China, the biggest ever and causing the heaviest losses in life and property since the founding of the People's Republic. Statistics showed the direct losses as follows: the fire spread across 1.01 million hectares of land of which 700,000 hectares were forest areas; reduced to ashes 855,000 cubic metres of timber stored in lumberyards; damaged 2,488 motor vehicles and tractors; destroyed 67 bridges and culverts totalling 1,340 metres in length, 9.2 kilometres of timber-transporting railway tracks, 483 kilometres of communication lines, 284.2 kilometres of power transmission lines, 3.25 million kilogrammes of grain and 614,000 square metres of buildings including 400,000 square metres of residential housing. The direct economic loss was about 500 million yuan; 10,807 households consisting of 56,092 individuals were afflicted; 193 people died and 226 injured.

The main causes of this big forest fire were: the leadership

of the Forestry Ministry was weak as was indicated by the lack of vigilance over fire hazards; forestry management was chaotic; precautionary rules and regulations were neglected; work discipline faltered; operation manuals were violated; fire brigades and their equipments were inadequate and fire-prevention infrastructures were poor. The twenty-first session of the Sixth NPC Standing Committee held on June 23, 1987 approved the State Council's decision taken at its June 6 plenary session to dismiss Yang Zhong, Minister of Forestry, from office. On the same day the State Council held a Standing Committee meeting and decided to remove from office Vice-Minister of Forestry Dong Zhiyong, who was in charge of forest protection and fire prevention.

On January 18, 1988, passenger plane Il-18 No. 222 of the China Southwest Aviation Company on route from Beijing to Chongqing crashed about five kilometres from Chongqing's Baishiyi Airport, killing all 98 passengers (including three Japanese and one Briton) and 10 crew members on board. This was one of the worst accidents in China's civil aviation in years. A detailed investigation showed that the accident was not caused by sabotage or uncontrollable natural elements, but by the failure of a generator which caused the No.4 turbojet engine to catch fire and fall off. Thus the crash was proven to be the result of human fault. To enforce administrative discipline, the State Council decided to give a demerit to Hu Yizhou, director of CAAC.

On January 24, 1988 when the Kunming-Shanghai No.80 express train was approaching Dengjia Village station on the Kunming-Guiyang line, cars No.2 through No.7 derailed and tipped over. Eighty-eight passengers died and 62 were seriously wounded; seven passenger rail cars were destroyed and another seven were damaged; 225 metres of railway tracks had to be replaced and train service was suspended for 44 hours. Detailed investigation of this rare accident showed that it was, like the plane crash, caused by dereliction of duty. The March 5 session of the State Council's standing committee held that this accident and another two serious railway transport accidents that occurred in January of the same year were attributable to the incompetence of Ding Guangen as the Minister of Railways. Ding made a

self-criticism, took the blame and handed in his resignation. The State Council accepted it.

The year 1987 witnessed a new welcome trend of rapprochment between Taiwan and the mainland.

Taiwan has since ancient times been Chinese territory. In 1949 the Kuomintang retreated to Taiwan and ruled over it in the name of the "Republic of China." During Chiang Kai-shek's twenty-six years in Taiwan, he had been nominated by the Kuomintang to be "president" and held the post through popular election for five consecutive terms until he died on April 5, 1975. He was succeeded by "vice-president" Yan Chia-kan. On April 28, 1975 at a provisional conference of the KMT central committee held in Taiwan's Yangmingshan, Chiang Ching-kuo was elected president of the KMT central committee and concurrently president of its standing committee. On May 20, 1978, Chiang Ching-kuo took over the "presidency" of the "Republic of China." On January 13, 1988, Chiang Ching-kuo died, and was succeeded by "vice-president" Li Teng-hui. On January 27, the standing committee of the KMT central committee elected Li Teng-hui acting president of the Kuomintang. Through years of efforts, Taiwan's economy has achieved notable progress.

From September 15 to 24, 1987, Li Yong-teh and Hsu Lu, two correspondents from the *Zili Evening News* of Taiwan, came to the mainland as tourists and reporters. They visited Beijing, Hangzhou, Guangzhou, Zhongshan, Shenzhen and Xiamen. This was the first time in 38 years that Taiwan journalists had come to the mainland. After their return to Taiwan, the "Information Bureau of the Executive Yuan" of Taiwan, on September 29, accused Wu Feng-shan, the paper's director, and the two journalists of "presenting false documents" to get exit permit from Taiwan. The legal proceedings lasted nearly six months until Taipei court, on March 24, 1988, eventually dismissed the case.

On October 14, 1987, the standing committee of the KMT central committee in Taiwan adopted a plan for Taiwan residents to visit their relatives on the mainland. It was stipulated in the plan that with the exception of servicemen and public servants, those who have relatives by blood or by marriage, or have near

relatives on the mainland may register for visiting them there. The following day, the Taiwan authorities announced detailed regulations for the implementation of the plan, which went into effect on November 2, 1987. The regulations stipulated that visiting relatives on the mainland would be limited to once a year and must not last more than three months at a time. In response to the plan, an official of the State Council commented that this measure on the part of the Taiwan authorities would facilitate contacts between people on either side of the strait and Taiwan compatriots were warmly welcome to come to the mainland to travel and visit their relatives.

In February, 1988 the standing committee of the KMT central committee in Taiwan decided to allow cadres of the Kuomintang to go to the mainland and visit their relatives there, and drew up further regulations on government functionaries making such visits. The regulations laid down that ordinary government functionaries visiting the mainland should follow the same procedures as the common people, while functionaries of the 9th grade (the section level) and above must get special permission before making the trip. According to statistics released by the Taiwan entry and exit administrative bureau under the ministry of internal affairs, up to April 29, 1988, more than 144,000 people had filed applications for visiting their relatives on the mainland of whom 65,000 had already made the trip. The Taiwan authorities have drawn up further plans concerning government employees and teachers making such visits.

On March 14, 1988, the Chinese Supreme People's Court and the Supreme People's Procuratorate made an announcement to the effect that in the spirit of Article 70 of China's Criminal Law concerning the effective period for suspension of sentence, for those now in Taiwan who had committed crimes on the mainland before the founding of the People's Republic, prosecution would be revoked. During a press interview on March 16, the Minister of Public Security, Wang Fang, said that protection of the personal property and safety of Taiwan compatriots visiting their relatives on the mainland would be guaranteed. He added that the Chinese government would regard "all patriots as belong-

ing to one big family" and "let bygones be bygones," and that in the interest of the reunification and rejuvenation of the Chinese nation, the government would not look into the records of former adversaries, but would "turn animosity into friendship." He stressed that the government would sincerely welcome these people now in Taiwan to tour the mainland and visit their relatives, and, like other Taiwan compatriots, they would be protected by law.

On March 19, the Association of Chinese Scholars and Students in the United States jointly issued a statement expressing the hope that the Taiwan authorities would invite them to visit Taiwan. The first five invitees visited Taiwan in December 1988.

In March, 1988, Wang Cheng-yuan, the postmaster general in Taiwan, declared that plans were underway to subsidize and entrust the Red Cross with the task of forwarding Taiwan compatriots' letters to the mainland. From April 18 Taiwan residents began to directly send letters to their relatives on the mainland through the special mailbox of the Taiwan Red Cross, which forwarded the letters to their destinations by mail via its agent in Hong Kong. Up to May 4, within half a month, the Red Cross had transmitted 92,470 letters from Taiwan to the mainland.

In early May, the Taiwan "Executive Yuan," followed up its mainland policy by gradually relaxing the control on people-to-people contacts between Taiwan and the mainland. It began to consider that the exchange of mail, trade, air and shipping services and telecommunications between the two sides, so far conducted indirectly via other regions, could be done directly if and when necessary. On May 8, the Taiwan Red Cross held a meeting in celebration of "International Red Cross Day." Li Teng-hui extended his greetings in person and expressed the hope that the Red Cross would do a still better job in assisting the Taiwan people to see their relatives on the mainland. The head of the Taiwan Red Cross pledged his cooperation, and declared that the Red Cross would continue to handle the exchange of correspondence and help with the location of out-of-touch relatives on the mainland.

After the death of Chiang Ching-kuo, president of the Kuomintang, the Central Committee of the Communist Party of China sent the following message to the KMT central committee on January 14, 1988: "Shocked to learn of the passing away of Mr. Chiang Ching-kuo, president of the Kuomintang Party of China, we express our deep condolences and our sincere sympathy to Mr. Chiang Ching-kuo's family." On the same day, Zhao Ziyang, General Secretary of the Central Committee of the Communist Party of China, made a statement mourning for Chiang's death. He reiterated that the principle and policy for the peaceful reunification of the motherland would remain unchanged and hoped that the new Kuomintang leaders would respond to popular feelings and push forward the welcome trend already existing in the relations between the two sides across the strait. "We sincerely hope that the situation in Taiwan is stable and peaceful, the economy will continue to develop and the people will live and work in peace and contentment," he stated. Zhao pointed out that Mr. Chiang Ching-kuo had all along adhered to the stand of "one China," opposed the "independence of Taiwan" and stood for the reunification of the country, that Chiang had indicated his determination to make his stand clear in history, and that he had made certain contributions to easing the strained relations between Taiwan and the mainland.

On January 30, Xu Jiatun, member of the Central Advisory Commission, sent a wreath to Mr. Chiang Ching-kuo's mourning hall set up in Zhuhai Studio, Hong Kong.

In the past few years, China has undeniably registered remarkable achievements in economics, science and technology. However, it is also an obvious fact that with a huge population and a poor foundation to start with, China is still rather backward economically. The per-capita GNP of the major developed countries is about 30 times that of China's, and their per-capita national income is about 100 times over. Statistics show that the gap between China and developed countries is widening. China also tends to lag behind some other developing countries or regions in terms of overall growth. In 1955, China's GNP ac-

counted for 4.7 percent of the world's total, it dropped to 2.5 percent in 1980; in 1960, China's GDP was equal to Japan's, whereas in 1980, it was 25 percent Japan's and in 1985, it was only 20 percent. In 1960, U.S. GDP was US$ 460 billion higher that China's; by 1985, it was US$ 3,680 billion higher.

China is presently faced with four major economic difficulties— price hikes, imbalance between transport capacity and freight volume, undersupply of raw materials and shortage of foreign exchange.

The strain on the air, railway and road transport, especially railway transport, has caused serious imbalance between transport capacity and freight volume, leading to the pile-up of coal and minerals in the mining areas and the further aggravation of the short supply of raw materials. Moreover, major air, railway and road transport accidents rarely seen in many years have occurred in succession, aggravating the strain on transport services.

Shortage of raw materials such as cotton, wool, pulp, tobacco and sugar has caused work stoppage in many light industries. This has a direct effect on the national economy, besides cutting down the supply of necessities for the people. Urgently-needed raw materials cannot be imported from abroad in the near future for lack of foreign exchange.

However, the greatest economic difficulty is the trend toward a general price hike for capital and consumer goods. The index of the country's price rise in 1987 was 7.3 percent; it rose to 11.5 percent in the first quarter of 1988. In the two industrial bases of Shanghai and Shenyang, prices for capital goods have increased by over 72 percent. The general level of the nation's retail prices rose 8.8 percent in 1985, 6 percent in 1986 and 7.3 percent in 1987. In 1987, the number of households whose actual income decreased purely because of price hikes accounted for 21 percent of the total, and the number of families which became hard up due to price rises accounted for 9.6 percent of the total. Price fluctuation and price rises for years running have greatly affected the healthy development of the economy and the improvement of living standards and have also hindered the deepen-

ing of the reform. Failure to stabilize prices has made price reform measures impracticable and obstructed the implementation of the contract system of managerial responsibility in enterprises.

Thus, in May 1987, the State Council promulgated the "Regulations on Tightening Price Control on Capital Goods, Stopping Indiscriminate Price Hikes and Indiscriminate Fees." At the same time inspection groups were sent out to check and supervise prices for capital goods. In August, the State Council issued a circular to various departments across the country on restoring market order and tightening price control. In September, the State Council promulgated the "Price Control Regulations of the People's Republic of China," the first government regulations of this kind. In November, the State Council issued a circular entitled "Firmly Stop Forced-Up Prices and Panic Purchases of Farm and Sideline Products."

Stabilization of economy and prices had to start from agriculture. Sixty-five percent of the nation's retail price hike in 1987 was caused by price increases in farm and sideline products. Food price rose even more. In 1987, retail prices for food went up by 9.1 percent over the previous year, and the retail prices for sideline products, by 13.8 percent. In the past few years, new problems have cropped up in agriculture: the supply of farm produce could not fully meet the demand, increase in food grain output was too slow and the number of fatling hogs dwindled, whereas consumption of farm produce increased dramatically. Experience has shown that underdevelopment of agriculture will unavoidably affect the growth of the entire economy, and consequently the process of construction and reform. Accordingly, the steady growth of agriculture, especially food production, has become the foundation for the long-term stable development of the nation.

The basic principle guiding China's economic work in 1988 was to further emancipate the mind, stabilize the economy and deepen the reform, with reform in overall control over the whole situation. Stability and reform were aimed at developing the

productive forces, raising national strength and improving people's living standards. The thesis was: an unstable economy would make it hard to quicken reform while without reform, it would be hard to stabilize and develop the economy. Based on this thesis, the overall strategy for socioeconomic development for the year 1988 was to increase and improve supply through deepening and quickening reform, and at the same time to continue the control over the expansion of investment and consumption so as to bring about a balance between the total supply and total demand, and on the basis of improved economic results, ensure the rapid and steady growth of the national economy. The main tasks and measures were as follows:

1) To increase the production and supply of farm and sideline products, textile and light industrial goods, making proper arrangements for home marketing to improve people's livelihood.

Primary attention was to be paid to agricultural production to ensure a steady growth in the output of grain, cotton, meat, sugar, vegetables and sideline products. The steps to be taken involved:

—to fix the amount of grain purchased by the state under contract and continue to perfect the purchase system by supplying the grain growers with fertilizers and diesel oil at government-fixed prices and paying them a cash deposit in advance;

—to suitably raise the purchase prices for wheat, for rice grown in the north, and for maize and rapeseed grown in the south;

—to expand the cotton fields in the major cotton producing regions;

—to provide pig-raisers with grain at government-fixed price, to develop both state-owned and collective-owned pig and chicken farms, to strongly support individual households specialized in running such farms and at the same time to encourage farmers to raise pigs and chickens on the side;

—to induce the farmers to grow sugar-bearing crops by giving them government subsidies and raising the purchase price of their crops;

—to charge the mayors of large and medium-sized cities with the responsibility of ensuring the production and supply of vegetables for urban needs;

—to plan the export and domestic marketing of agricultural and sideline products, and control the export of those major farm and sideline products that are in shortage on the domestic market.

The basic measures to ensure the sustained and steady growth of agricultural production were:

a. To deepen the rural reform, respect the law of value and readjust the purchase price for certain farm and sideline products so that the farmers stand to gain. This was to be part of the nation's long-term development plan. With regard to staple foods under ration, workers and staff were to receive subsidies commensurate with price fluctuation. b. To raise funds from various sources to invest in agriculture. While the state gradually increased such investments, local authorities would also use their financial reserves mainly to develop agriculture. Revenues from the new tax on the use of farmland were to be set aside as a special fund for supporting agriculture. Individual farmers were to be mobilized to increase investment on the land. An appropriately comprehensive system of farm management would be gradually introduced. c. To strengthen agricultural science and technological research and popularize the results, to increase industry's support to agriculture, to boost the production and supply of chemical fertilizers, insecticides, diesel oil and plastic films for agricultural use so as to effectively check indiscriminate price rises in these items, and to reinforce fodder industry in support of livestock breeding. d. To readjust the pattern of rural industries and explore more resources, and in light of indigenous conditions, vigorously develop township enterprises to make them an important arm of agriculture.

Along with agriculture, the development of textile and light industries was to be expedited to increase the production of high-quality products and average consumer goods in short supply on the market.

Measures were to be taken to tighten price control, stop indiscriminate and disguised price hikes and service charges, and

penalize those who drive up prices and disturb the market,— all this to keep the market in order.

In the area of distribution, the principle of more pay for more work done would be strictly observed so that workers and staff would get fair remuneration. Measures would be adopted to gradually improve intellectuals's living standards. On the basis of increased production, the incomes and living standards of the urban and rural population in general would improve.

2) To continue to strengthen such basic industries as energy, raw materials, communication and telecommunications and their infrastructures so as to give full scope to existing production capacity and increase the potential for economic development. The stress was on improving operation and management, fully tapping the potential of existing facilities and economizing on the use of resources and funds, thereby confining new investment in infrastructure to what is truly necessary.

The development of energy industry would be centred on electric power. The raw materials industry would focus on iron and steel, nonferrous metal and chemical industries. In communication and transportation, the focus was on the development of a comprehensive system that would combine railway, highway, air and water transport and pipelines into an organic whole. In the meantime, machine-building and electronics industries would be accelerated to provide for the technological transformation of the entire economy.

3) To speed up technological and cultural progress. In the area of science and technology, reform would first focus on the management system that would facilitate their practical application in economic development, shorten the period for the transformation of research results into productive forces and popularize the generally applicable methodologies among producers to help accelerate technological progress. Other tasks were to do a better job in the assimilation and absorption of imported technology, continue to strengthen research on basic and applied sciences and high technology, and further develop various types and levels of educational infrastructure. Although investment in capital construction was on the whole less than the previous year, capital

outlay for key projects in science, technology and education would remain at the same level.

4) To actively implement the strategy for economic development in coastal regions, and promote full-scale foreign trade and technological exchanges. This strategy would promote not only the economic development of the hinterland but also economic structural reform in the coastal regions. Their export-oriented economy, based on using imported raw and semi-finished materials and exporting the finished products, would largely determine the mix of export commodities, the priorities in importing technology and capital, and the substance of the multifaceted economic and technological co-operation and exchanges with other countries. The success of this strategy would be measured by the increase in foreign exchange earnings, which was to be achieved by effectively increasing exports to pay for the heavy import of raw and semi-finished materials. To ensure the smooth operation of the import-processing-export cycle, there should be careful planning and coordination and efficient management. The development of the coastal regions and the economic stability of the nation as a whole should be mutually supportive.

On February 27, 1988, the State Council approved the "1988 Overall Plan for Deepening the Reform of the Economic Structure" submitted by the State Commission for Structural Reform. The main features were:

—To further improve the contract system of managerial responsibility in various enterprises, increase the number of enterprises under long-term contract, introduce competition into the contract system, popularize the system of having the factory director assume full responsibility, push forward the reform of the distribution and personnel systems within an enterprise and expedite comprehensive supporting reforms so that the majority of enterprises would gradually be responsible for their own management and their own profits and losses in market competition.

—To revamp the fixed asset investment management system. The measures consisted of: 1) establishing a capital construction funding system and planning construction projects in the

light of financial capability; 2) setting up state-run investment companies and a strict contract responsibility system for investment and project execution, under which the user of the funds would pay interest and the investor would guarantee the effective value of the funds; 3) introducing public bidding for the design and construction of the projects and the selection of equipment to take full advantage of market competition.

—To achieve an overall balance in the supply and demand of major materials through economic means, and on this basis, systematically reduce mandatory planning; and starting from the large and medium-sized cities, to gradually set up a guided and organized capital goods market.

—To reform the foreign trade system by letting the trading companies abandon egalitarianism and handle their own profits and losses and have a free hand in management, by combining production with marketing and by instituting a system of export and import agents. Beginning from 1988, the contract system of management in foreign trade was implemented nationwide under which the contract would specify the foreign exchange gained from export, foreign exchange handed over to the central authorities and the handling of financial profits and losses.

—To expedite and deepen reform in banking, public finance, commerce, wage system and urban housing so that reforms in various fields would proceed in a co-ordinated way.

Other measures to curb counterproductive economic activities and bring about economic stability included: strictly enforcing the regulations governing financial and economic activities, improving the management system, strengthening supervision and inspection, achieving better economic results in the areas of production, construction and circulation, and in particular, drastically cutting down institutional purchasing and unnecessary expenditures. On February 23, 1988, the State Council issued an emergency circular, calling on various departments at all levels to cut institutional purchasing by 20 percent off the 1987 amount and stop the purchase of 19 state-rationed commodities such as limousines, sofas, carpets and automobiles.

Since the Third Plenary Session of the Eleventh Party

Central Committee held in December 1978, which initiated the economic structural reform and the open policy, various economic undertakings, with those under state ownership playing a dominant role, have made considerable headway, especially over the last several years.

By the end of 1987, China had:

—4.828 million registered industrial and commercial enterprises with registered capital totalling 155.4 million yuan and a total work force of 169.22 million. Of the large and medium-sized state-owned enterprises nationwide, 77.6 percent had instituted different forms of the contract system of managerial responsibility;

—13.725 million self-employed entrepreneurs who owned workshops or engaged in trade, employing 21.583 million people with operating funds totalling 23.6 billion yuan;

—200,000-300,000 private enterprises;

115,000 private enterprises hiring eight employees or more, with a total work force of 1.84 million in their employment;

—6,000 and more joint-stock companies and stock markets in Shanghai and Guangzhou;

—235,000 new types of collective-owned enterprises set up with funds raised by various sectors of the society with a total work force of 12 million and annual business volume of 60 billion yuan.

Between 1979 and 1987, China had authorized the establishment of about 400 joint ventures of non-trade character in 67 countries and regions with a total capital stock of US $1.78 billion, out of which, US $620 million was investment of the Chinese side. By the end of 1987, there were 4,600 Chinese-foreign joint ventures, 5,193 co-operative enterprises with foreign firms and 183 exclusively foreign-owned businesses in China. The approved amount of investment in Chinese-foreign co-operative enterprises amounted to US $12.2 billion; the amount of foreign capital actually used was US $3.38 billion. In February 1988, more than 300,000 Chinese employees were working in over 10,000 enterprises with foreign investment. Among these employees over 13,000 were senior managerial personnel. While the

private sector is an indispensable and useful supplement to the nation's economy, so are the three types of enterprises involving foreign capital. They are significant to accelerating the development of a socialist market system.

The First Session of the Seventh National People's Congress met in Beijing from March 25 to April 13, 1988. Of the 2,970 deputies, 2,107, or 71 percent of the total, were new.

On behalf of the State Council, Acting Premier Li Peng delivered a report on the work of the government. Summing up the work done in the five years since the Sixth National People's Congress, Li Peng said, "As a result of reform and the open policy, over the past five years the economy has been developing steadily and the overall situation has been satisfactory; a comprehensive reform of the economic structure was carried out in both town and country, with the result that significant progress was achieved and a wealth of experience accumulated. Propelled by economic restructuring, over the past five years reform has expanded and played an increasingly important role in the fields of science and technology; education, culture and politics. We have opened our country still wider to the outside world and actively developed economic and technological exchange and co-operation with foreign countries, putting an end to China's closed or semi-closed status. The practice of reform and economic development did much to renew people's thinking and to promote the building of socialist culture and ideology." He pointed out: "By reviewing the practice of construction and reform over the past five years we have gained much useful experience and drawn a number of conclusions, of which the following are the most important for our future work: 1) We should firmly establish the guiding principle that construction must rely on reform and reform must promote construction, and we should continue to put reform at the centre of all our undertakings.... 2) In both construction and reform we must continue to proceed from actual conditions, emancipate our minds and respect practice.... 3) In both construction and reform we must focus on improving economic results, constantly promote scientific and technological progress and

strengthen modern management.... 4) To ensure the smooth progress of construction and reform, we must correctly handle the relations between their objectives and the steps to be taken to achieve those objectives.... 5) We must properly balance the interests of various sectors and fully mobilize the enthusiasm of the cadres and the masses."

Referring to the objective, principles and tasks of economic development and reform for the next five years, Li Peng pointed out, "In the next five years, by accelerating and deepening the reform we shall promote the development of the productive forces, fulfil the Seventh Five-Year Plan and draw up and begin to implement the Eighth Five-Year Plan. If economic performance steadily improves, it is expected that the gross national product will increase at an average annual rate of 7.5 percent...to reach 1,550 billion yuan by 1992...(Attainment of this objective) will lay the groundwork for quadrupling our GNP and achieving a relatively comfortable standard of living by the end of this century."

The report stated that the State Council would strive to accomplish ten major tasks in the next five years. One of the central tasks of the next administration was the structural reform of the State Council. Li Peng said that this reshuffling of government organizations would "make it possible for us to introduce a change in functions, to define spheres of responsibility and to reorganize government departments in accordance with the requirements of deepening the reform and the principle of increasing macrocontrol and reducing direct control.... At the same time we are reforming government structures, we must put into effect step by step a national public service system.... An important purpose of structural reform is to overcome bureaucratism, raise efficiency and foster good working style."

On the reform of the planning system, Li Peng said that the principal aims were "to change the functions of state planning departments by reducing mandatory planning in favour of guidance planning, to work out medium- and long-range industrial policies, to establish a correct overall balance among the different sectors of the economy and, by the use of various economic

means, to introduce a new economic mechanism by which the state regulates the market and the market guides enterprises."

Speaking about implementing a strategy of economic development for the coastal regions and opening wider to the outside world, Li Peng pointed out, "We must open China wider to the rest of the world, speed up the growth of an export-oriented economy in the coastal regions and take an active part in world economic exchange and competition. The prosperity of the coastal regions will stimulate economic growth of the country as a whole. We must consolidate and expand our achievements in opening to the outside world and make full use of the existing special economic zones, open coastal cities and open economic areas." He said, "The way to open up even further to the outside world and to develop our economic ties and trade with other countries is to increase our earnings of foreign currency.... We should explore more ways of attracting foreign capital...and raise the overall efficiency of its use.... We must further improve the climate for investment, accelerate the building of an infrastructure, raise administrative efficiency and protect the independent managerial rights of foreign-funded enterprises, so that foreign investors can invest in and manage enterprises in China in the same way they do elsewhere."

Regarding relations with foreign countries, Li Peng pointed out that China has resolutely implemented an independent foreign policy of peace. "All our work in foreign relations is designed to serve the two major objectives of peace and development," he said. "Deeply concerned with its own development, China hopes to have friendly co-operation with all countries in the world on the basis of the Five Principles of Peaceful Coexistence," he declared.

Li Peng addressed in particular the question of China's reunification. "The reunification of the country, and rejuvenation of the nation," he said, "are the common aspirations of the people of all China's nationalities and the glorious mission entrusted to our generation by history.... We hope that the Taiwan authorities will put the interests of the whole nation above everything else and that they will take measure to establish the

three links with the mainland— trade, mail service and air and shipping services— and bring about peaceful reunification."

In conclusion, Li Peng said, "The current domestic and international situation is favourable both to our construction work and to the reform. Under the leadership of the Chinese Communist Party, we should rouse ourselves to seize this opportune moment, work hard and advance courageously along the road of socialism with Chinese characteristics."

The seventh National People's Congress was an unprecedentedly democratic and open meeting. The Report on the Work of the Government approved at the session was revised in accordance with the deputies' suggestions and opinions raised during examination and deliberation. Over one hundred revisions were made in all.

The session adopted two amendments to the Constitution of the People's Republic of China.

1) Article 11 of the Constitution shall include a new paragraph, which reads: "The state permits the private sector of the economy to exist and develop within the limits prescribed by law. The private sector of the economy is a complement to the socialist public economy. The state protects the lawful rights and interests of the private sector of the economy, and exercises guidance, supervision and control over the private sector of the economy."

2) The fourth paragraph of Article 10 of the Constitution, which provides that "no organization or individual may appropriate, buy, sell or lease land, or unlawfully transfer land in other way," shall be amended as: "No organization or individual may appropriate, buy, sell or unlawfully transfer land in other ways. The right to the use of land may be transferred in accordance with law."

The session adopted the "Law of the People's Republic of China on State-Owned Enterprises" which is one of China's basic laws, a major law concerning enterprises and economics. The session also adopted the "Law of the People's Republic of China on Chinese-Foreign Cooperative Enterprises," which further standardizes the forms of such enterprises and promotes their smooth development.

The meetings of the Seventh NPC were suffused with a democratic atmosphere. When the nine resolutions and decisions and two laws were put to vote, there were a few dissenting votes and abstentions, and some deputies had made extemporaneous speeches expressing differing views.

The First Session of the Seventh National People's Congress elected on April 8, 1988 by secret ballot the new state leaders: President of the State Yang Shangkun; Vice-President Wang Zhen; Chairman of the NPC Standing Committee Wan Li; Vice-Chairmen Xi Zhongxun, Bainqen Erdini Qoigyi Gyaincain, Fei Xiaotong and sixteen others; Secretary-General Peng Chong; Chairman of the Central Military Commission Deng Xiaoping, Vice-Chairmen Zhao Ziyang and Yang Shangkun; Premier of the State Council Li Peng; Vice-Premiers Yao Yilin, Tian Jiyun, Wu Xueqian; State Councillors Li Tieying, Qin Jiwei and seven others; Secretary-General of the State Council Chen Junsheng; President of the Supreme People's Court Ren Jianxin; and Procurator-General of the Supreme People's Procuratorate Liu Fuzhi.

The First Session of the Seventh National Committee of the Chinese People's Political Consultative Conference was held in Beijing from March 24 to April 10, 1988. Members frankly expressed their views on problems concerning prices, social mores, education, intellectuals and agriculture. They also made straightforward criticisms and offered many important suggestions. The session elected Li Xiannian Chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference, Wang Renzhong and twenty-seven others Vice-Chairmen, and Zhou Shaozheng Secretary-General.

The Political Bureau of the Central Committee of the Chinese Communist Party held two plenary sessions on April 15 and April 27, 1988 to discuss problems concerning education, prices, Party work style and government discipline. Deputies to the Seventh National People's Congress and members of the Chinese People's Political Consultative Conference had strong opinions on these matters. The sessions highly praised the achievements of the Seventh National People's Congress and the

Seventh Session of the National Committee of the Chinese People's Political Consultative Conference, stating that they marked a step forward in China's socialist democracy and the perfection of the legal system.

10. "One Country, Two Systems" —the Reunification of China

The concept of "one country, two systems" was aimed at settling the issues of Taiwan, Hong Kong and Macao for the reunification of China. The three places are all parts of the Chinese territory. For different reasons Taiwan still remains separated from the mainland, and Hong Kong and Macao have not yet been returned to China.

In order to reunify the country the Chinese leaders, taking into account the present conditions in Taiwan, Hong Kong and Macao, put forward the "one country, two systems" concept. On the basis of this concept and within the framework of its constitution and laws, a country can in some regions maintain political, economic and social systems different from those in other regions, but the governments in these parts of the country are regional or local governments that do not exercise the sovereignty of the state. The Constitution of the People's Republic of China adopted by the Fifth Session of the Fifth National People's Congress, held in December 1982, stipulated in Article 31: "The state may establish special administrative regions when necessary. The system to be instituted in special administrative regions shall be prescribed by law enacted by the National People's Congress in the light of the specific conditions." The establishment of special administrative regions in China mentioned herein actually implies the application of the idea of "one country, two systems." Thus the Constitution has provided the legal basis for establishing special administrative regions in Taiwan, Hong Kong and Macao and practising policies and social systems there that are different from those on the mainland after their reunification with China.

Formation of the "One Country, Two Systems" Concept

In September 1982 Deng Xiaoping, Chairman of the Advisory Commission of the CPC Central Committee, introduced the idea of "one country, two systems," a well-capsulized version of the nine principles for Taiwan's peaceful reunification with the mainland put forward a year earlier by Ye Jianying, Chairman of the Standing Committee of the National People's Congress. In 1984, when talking with members of a Hong Kong industrial and commercial delegation on June 22 and with Sze-yuen Chung and other prominent Hong Kong figures on June 23, Deng Xiaoping said, "We are pursuing a policy of 'one country, two systems.' More specifically, this means that within the People's Republic of China the one billion people on the mainland will practise socialism, while Hong Kong and Taiwan may practise capitalism.... Reunification of the country is the aspiration of the whole nation. If it cannot be accomplished in a hundred years, it will be in a thousand years. As I see it, the only solution lies in implementation of two systems in one country." In the same year, on July 31, when meeting with British Foreign Secretary Sir Geoffrey Howe, Deng Xiaoping again pointed out: "The 'one country, two systems' concept was not formulated just now. It has been in the making for several years ever since the Third Plenary Session of the Party's Eleventh Central Committee held in December 1978. The idea was first presented as a means of settling the Taiwan and Hong Kong issues. There could be two ways available: nonpeaceful and peaceful. The nonpeaceful approach, or a solution by force of arms, is not desirable. How are these questions to be settled by peaceful means? It requires giving full consideration to the history and present conditions of Hong Kong and Taiwan. The Third Plenary Session of the Party's Eleventh Central Committee restored Mao Zedong's approach of seeking truth from facts, that is to say, to proceed from reality in everything we do. In this case it means to respect the historical facts of Hong Kong and Taiwan. When we propose that capitalism be preserved in Hong Kong, we

mean we intend to apply the 'one country, two systems' concept there. The same holds true with Taiwan. Our socialist system will never change, but if Hong Kong and Taiwan are not assured that they could go on with capitalism, stability and prosperity there would be jeopardized and peaceful settlement would be out of the question. That is why on the Hong Kong question, we first of all guarantee that the current capitalist system and the way of life in Hong Kong will remain unchanged for fifty years after 1997."

The "one country, two systems" concept is based on the world situation and the historical state and present conditions in China and is therefore also a new concept in terms of international relations. The policy was put forth by the Chinese leaders not only because China was facing the Hong Kong issue but also because the general principle of Chinese foreign policy was to safeguard world peace. The Chinese love peace and seek peaceful means to solve international disputes. The "one country, two systems" concept is of great practical significance for settling various international disputes in the world arena. As Deng Xiaoping said, "The world faces a choice of peaceful and nonpeaceful means for solving the many current problems. There has to be a way to get out of the blind alley. When we developed the concept of 'one country, two systems,' we also had in mind the settlement of international disputes. There are so many knotty issues here and there over the globe that are very difficult to solve. I think it is possible for some of them to be settled by this approach. If opposing sides are locked in a stalemate, sooner or later they will come into conflict, even armed conflict. If we want to avert war and maintain stability, the only alternative is the approach we have proposed, which is acceptable to the people. It can help stabilize the situation without doing harm to one side or the other."

Settlement of the Question of Hong Kong

Hong Kong lies east of the mouth of the Zhujiang River in south China. It consists of three parts, Hong Kong Island, Kow-

loon and the "New Territories," with a total area of 1,067 square kilometres. In former times it was under the jurisdiction of Xin'an County, Guangdong Province. In June 1840 Britain provoked the Opium War and invaded China. In August 1842 the British Government forced the Qing Government to sign the first unequal treaty in modern Chinese history, the Treaty of Nanking, which ceded Hong Kong Island to Britain. In 1856 Britain started the Second Opium War and forced the Qing court to sign the Convention of Peking, which ceded a portion of the Kowloon Peninsula south of Jiexian (Boundary) Street to Britain. In 1894 the Qing Government was defeated in the Sino-Japanese War. Taking advantage of the situation, the Western powers hastened to carve up Chinese territory. In June 1898 Britain coerced the Qing Government into signing a convention known as the Special Act on Opening and Developing Hong Kong Territories. By this act Britain obtained a 99-year lease over a large tract of land on the Kowloon Peninsula extending from Jiexian Street to the Shengzhen River in the north along with more than two hundred nearby islands. The land and islands under lease were later called the "New Territories." The lease expires on June 30, 1997.

The Chinese people have never recognized these unequal treaties forced on them by imperialist invaders. To return Hong Kong to China for the sake of her national reunification and territorial integrity has been the common aspirations of the sons and daughters of the Chinese nation at home and abroad for more than ten decades. Since the founding of the People's Republic of China in 1949 the Chinese Government has on many occasions stated its stand on the question of Hong Kong, i.e., Hong Kong is a part of Chinese territory; China is not bound by the three unequal treaties and will resume sovereignty over the whole Hong Kong area when conditions have matured. It has been China's consistent stand that this historical question be settled at an appropriate time through peaceful negotiations and that until it was settled, the status quo in Hong Kong would be maintained.

At the end of the 1970s, as expiration of the lease for the New Territories was approaching, the British Government wished

to know the Chinese position in solving the Hong Kong question. Meanwhile Chinese and foreign investors in Hong Kong showed similar concern for the future of Hong Kong.

After the Third Plenary Session of the Eleventh CPC Central Committee held in 1978 China entered a new historical period. The whole nation was united in a concerted effort to realize socialist modernization and national reunification and to oppose hegemonism and safeguard world peace. It was in this context that the Hong Kong issue was taken up for a settlement.

The basic policies of the Chinese Government for solving the Hong Kong issue were: first, China must recover Hong Kong and resume sovereignty over it in 1997 and not later; secondly, Hong Kong's stability and prosperity would be maintained with China resuming her sovereignty over the territory. To carry out the basic policies, the Chinese leaders advanced the "one country, two systems" concept substantiated by a series of specific policies.

Talks between China and Britain on the Hong Kong issue began in September 1982 when British Prime Minister Margaret Thatcher visited China and held talks with the Chinese leaders. Both sides stated their respective positions on the issue and agreed to continue consultations through diplomatic channels. The first round of talks which lasted from October 1982 to June 1983 was devoted to matters of principle and the adoption of the agenda and the settlement of procedural questions. In July 1983 the negotiations entered a second stage. After holding twenty-two meetings in an atmosphere of friendship and understanding, the delegates of the two governments finally reached complete agreement on September 18, 1984, two years after they started negotiations. On September 26 of the same year the leaders of the two delegations initialled the Sino-British Joint Declaration on the Question of Hong Kong. On December 19 Chinese Premier Zhao Ziyang and British Prime Minister Margaret Thatcher formally signed the Joint Declaration in Beijing. After completion of legislative procedures the two governments exchanged the instruments of ratification on May 27, 1985, and the Joint Declaration came into force on the same day.

The Joint Declaration mainly stated: the Government of the People's Republic of China has decided to resume sovereignty over Hong Kong, effective July 1, 1997; during the transitional period between the date of entry into force of this Joint Declaration and June 30, 1997 the Government of the United Kingdom will be responsible for the administration of Hong Kong with the object of maintaining and preserving its economic prosperity and social stability, and the Government of the People's Republic of China will give its cooperation in this connection. The governments of the two countries have also decided that in order to ensure a smooth transfer of government in 1997, and with a view to effectively implementing the Joint Declaration, a Sino-British Joint Liaison Group will be set up when this Joint Declaration enters into force; a Land Commission shall be established as well to deal with land leases in Hong Kong and other related matters.

The basic policies of the Chinese Government regarding Hong Kong are elaborated in twelve articles in the Joint Declaration, briefly: China will establish a Hong Kong Special Administrative Region directly under the authority of the Central People's Government of the People's Republic of China; except in foreign and defence affairs which are the responsibilities of the Central People's Government, the Hong Kong Special Administrative Region will enjoy a high degree of autonomy, with executive, legislative and independent judicial power, including that of final adjudication, and the laws currently in force in Hong Kong will remain basically unchanged; the government of the Special Administrative Region will be staffed by local inhabitants, and the chief executive will be appointed by the Central People's Government on the basis of elections or consultations to be held locally; the current social and economic systems in Hong Kong will remain unchanged, and so will the life-style; the Special Administrative Region will retain the status of a free port, a separate customs territory and an international financial centre; the Special Administrative Region will have independent finances and may establish mutually beneficial economic relations with the United Kingdom and other countries; using the name of

"Hong Kong, China," the Special Administrative Region may on its own maintain and develop economic and cultural relations with states, regions and relevant international organizations; the maintenance of public order in the Special Administrative Region will be the responsibility of the government of the region; the above-stated basic policies will be stipulated in a Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China to be promulgated by the National People's Congress of the People's Republic of China, and will remain unchanged for fifty years.

The successful settlement of the Hong Kong issue is an important event in modern Chinese history as well as in modern world history, and it accords with the interests of all the Chinese people, including Hong Kong compatriots. With its far-reaching historical significance it enjoyed warm support from the people of both China and Britain and won international acclaim. The settlement removed a historical obstruction in Sino-British relations, marking a new period of friendly cooperative relations. At the same time it signified a new approach for the peaceful solution of unsettled historical issues between states.

The "one country, two systems" concept is China's unswerving state policy in achieving national reunification. The successful settlement of the Hong Kong issue has proved that this concept was workable and full of potential—a concept that could be applied as well to settlement of the questions of Taiwan and Macao, which is vital to the complete reunification of China.

The Question of Macao

Macao lies west of the mouth of the Zhujiang River in China. It consists of Macao Peninsula and the islands of Taipa and Coloane, with a total land area of 15.51 square kilometres. Originally it was under the jurisdiction of Xiangshan County, Guangdong Province. In 1553 Portuguese colonialists occupied part of Macao, under the pretext of drying their wetted goods, and claimed to have obtained a lease. After the Opium War they

continually enlarged the territories they had illegally occupied. They took possession of the Taipa Island in 1851 and the Coloane Island in 1864.

After the founding of the People's Republic of China the Chinese Government has clearly stated on many occasions that Macao was part of Chinese territory and that the occupation of Macao by Portugal was an issue between China and Portugal left over from the past and should be settled through peaceful negotiations at an appropriate time. The governments of China and Portugal reached an understanding on the Macao question when the two countries established relations in February 1979. In May 1985 when Portuguese President Antonio Ramalho Eanes visited China, the leaders of the two countries discussed the questions of Macao in a friendly atmosphere. They reviewed with satisfaction the understanding reached upon the establishment of diplomatic relations between the two countries and the cooperation between the two governments in dealing with the Macao issue. Both agreed to hold negotiations on the matter at an early date through diplomatic channels. A year later, delegations of the two governments held three separate talks, on June 30 and July 1, September 9 and 10, and October 21 and 22. In a friendly and harmonious atmosphere, talks between the two sides continued and on March 26, 1987, a Joint Declaration of the two governments on the settlement of the question of Macao was initialled. The final agreement was signed in Beijing on April 13, 1987.

The settlement of the question of Hong Kong provided a model for settling the Macao issue. Following the concept of "one country, two systems" and aiming at promoting Macao's development and stability, China will establish the Macao Special Administrative Region upon resumption of sovereignty over there as of December 20, 1999. According to the agreement, the existing social and economic systems in Macao will be retained and the laws currently in force will remain basically unchanged for fifty years.

The Question of Reunification of Taiwan with Mainland

Situated off the southeastern coast of the mainland, Taiwan is washed by the Pacific Ocean in the east and the Bashi Channel in the south and faces Fujian Province across the Taiwan Straits in the west. Its total area is 36,000 square kilometres, including the Island of Taiwan, the Penghu Islands and some eighty nearby smaller islands. Among them the Island of Taiwan, the biggest island of China, makes up more than 97 percent of the total area.

Taiwan has long been a part of Chinese territory. In ancient times it was called "Yizhou." Contacts between Taiwan and the mainland date from the Qin and Han dynasties (221 B.C. to A.D.220) and were often described in history books. In the Southern Song Dynasty (1127-1279) the Penghu Islands belonged to Jinjiang County, Fujian Province. In the Yuan Dynasty (1271-1368), the government set up a prefectural office in Penghu under the jurisdiction of Tongan County (present-day Xiamen), Fujian Province, to manage the civil administration there and in Taiwan. However, in 1624 Dutch colonialists occupied Taiwan. In 1661 the famous general Zheng Chenggong of the overturned Ming Dynasty took twenty-five thousand men on board several hundred warships to Taiwan, chased the invaders away and recovered the island. The Qing Government established a local government in Taiwan in 1684 and put it under the jurisdiction of Fujian Province. It became a province of China in 1885. The Sino-Japanese War broke out in 1894, and in the following year, Japan forced the Qing court to sign the humiliating Treaty of Shimonoseki, which provided, among other things, that China cede to Japan Taiwan and the Penghu Islands. After the Chinese won the War of Resistance Against Japan in 1945, Taiwan was returned to China. But in 1946 the Kuomintang regime launched a nationwide civil war, opening an all-out attack on the liberated areas under the Communist Party of China. The armies and people in the liberated areas were forced to fight back, and in four years' time, defeated the KMT army. In 1949, on the

eve of the founding of the People's Republic of China Chiang Kai-shek, with his military and administrative personnel, fled the mainland for Taiwan. In 1950, when the Korean War broke out, the United States sent the Seventh Fleet to Taiwan and the Taiwan Straits. In 1954 the U.S. government signed a mutual defence treaty with the Taiwan authorities in an attempt to maintain its presence there for good. The separation of Taiwan and the mainland is the result of prolonged domestic trouble and foreign interference. It is against the will of all the Chinese people, including the people of Taiwan.

The return of Taiwan to China is purely her internal affair in which no other country or people have the right to interfere. The Chinese Government firmly opposes the idea of "one China, one Taiwan" or "two Chinas." In 1971 the twenty-sixth session of the General Assembly of the United Nations adopted a resolution restoring to the People's Republic of China all its rights in the United Nations and expelling forthwith the Taiwan authorities. In the spring of the following year U.S. President Richard Nixon paid a visit to China. In the China-US Shanghai Communiqué issued during his visit, the US side declared, "The United States acknowledges that all Chinese on either side of the Taiwan Straits maintain there is but one China and that Taiwan is a part of China. The United States does not challenge that position." On January 1, 1979, in the spirit of the Shanghai Communiqué, China and the United States recognized each other and established diplomatic relations. The United States recognized the People's Government of the People's Republic of China as the sole legal government of China and Taiwan as a part of China, and declared that it was terminating diplomatic relations and the Mutual Defence Treaty with Taiwan. The US also stated that it would withdraw all her remaining military personnel from Taiwan within four months.

In view of the new situation and the actual conditions in Taiwan, the Standing Committee of the National People's Congress, aiming at realizing China's reunification at an early date, addressed a message to Taiwan compatriots on New Year's Day,

1979. The message urged them to quickly set about ending this disunity so that China would be soon reunified; declared that the status quo in Taiwan and the opinions of people in all walks of life would he respected and reasonable policies and measures would be adopted so as not to cause losses to the people of Taiwan; and hoped to establish exchange of mail, trade and air and shipping services between the two sides as early as possible. Since settlement of the Hong Kong issue the Chinese Government has time and again stated that it would settle the question of Taiwan in accordance with the "one country, two systems" concept. Ye Jianying, Chairman of the Standing Committee of the National People's Congress, delivered a speech on September 30, 1981, in which he further explained the policy concerning the peaceful return of Taiwan to the motherland. He proposed: 1) Talks be held between the Communist Party of China and the Kuomintang in Taiwan on the reciprocal basis so that the two parties will cooperate for the third time to accomplish the great cause of national reunification. The two sides may first send people to contact each other for a full exchange of views. 2) The two sides reach agreements to facilitate the exchange of mail, trade, air and shipping services, and visits by relatives and tourists as well as academic, cultural and sports exchanges. 3) After reunification, Taiwan enjoy a high degree of autonomy as a special administrative region and retain its armed forces. The Central Government will not interfere with local affairs in Taiwan. 4) Taiwan's current economic system, its way of life and its economic and cultural relations with foreign countries remain unchanged. There will he no encroachment on proprietary rights and lawful right of inheritance over private property, houses, land and enterprises, or on foreign investments. 5) People in authority and representative personages of various groups in Taiwan take leadership posts in national political bodies and participate in running the state. 6) When Taiwan's local finances are in difficulties, the Central Government subsidize them as suitable under the circumstances. 7) For people of all nationalities and public figures in Taiwan who wish to settle on the

mainland, it is guaranteed that proper arrangements will be made for them, that there will be no discrimination against them, and that they will have the freedom of entry and exit. 8) Industrialists and businessmen in Taiwan are welcome to invest and engage in various economic undertakings on the mainland; their legitimate rights, interests and profits are guaranteed. 9) People of all nationalities and public figures from all circles and mass organizations in Taiwan are welcome to make proposals and suggestions regarding affairs of state through various channels and in various ways.

About the future Taiwan Special Administrative Region Deng Xiaoping elaborated more specifically when talking with Professor Yang Liyu of Seton Hall University, South Orange, New Jersey, U.S.A.: "Although as a special administrative region Taiwan will have a local government, it will differ from the local governments of other provinces, autonomous regions and municipalities directly under the Central Government. It may have certain exclusive rights not available to the other local governments, on condition that these rights are not used to the detriment of national interests. After reunification with the motherland the Taiwan special administrative region may enjoy certain independent rights: it may practise a social system different from that of the mainland; it will enjoy independent judicial power and the right of final adjudication and need not rest with court in Beijing; and it may maintain its own armed forces provided they do not constitute a threat to the mainland. The mainland will station neither troops nor administrative personnel in Taiwan. The political parties, government and armed forces in Taiwan will be administered by the Taiwan authorities themselves. Seats for Taiwan in the Central Government will be reserved." Deng also said, "Reunification must come about in a proper way. That is why we propose that the two parties hold talks on an equal footing rather than as between a central and a local government, and achieve a third round of cooperation."

Although the CPC and Kuomintang so far have not held talks on the question of Taiwan, military confrontation has re-

laxed and a peaceful atmosphere has begun to appear between the two sides. Cultural exchange and personal contact have grown as never before, and entrepot trade and small business transactions between individuals on the two sides have seen some development. Many families on the mainland with relatives in Taiwan have kept up correspondence with them. The number of Taiwan people who come to the mainland by various means for family reunion or touring keeps increasing. Those who returned to take up residence on the mainland have properly settled in their new homes. Several batches of travellers from the mainland who passed Taiwan in transit by chance were received with hospitality.

Towards the end of 1987, Taiwan authorities officially permitted Taiwan residents to visit their relatives on the mainland. In the wake of this, a steady stream of Taiwan residents came to the mainland. As a result, contacts among the people on both sides of the Taiwan Straits have visibly increased in such areas as economics, academics and culture.

After the Hong Kong and Macao issues were settled by the "one country, two systems" approach, public demand among Chinese both at home and abroad for early national reunification has grown stronger and stronger. The tide of events is becoming more and more favourable to the peaceful reunification of China.

The return of Taiwan for national reunification is a sacred cause of vital importance to the basic interests of the Chinese nation in generations to come. It can surely be accomplished through the concerted efforts of all the Chinese people. The following is an excerpt from the speech by Peng Zhen, Chairman of the Standing Committee of NPC, at a meeting held on November 12, 1986 in commemoration of the one hundred twentieth birthday of Dr. Sun Yat-sen.

We place hope in Taiwan Kuomintang authorities and even more in the nineteen million Taiwan people. Needless to say, the question of Taiwan is a complicated question left over from the past, but many favourable factors indicate that a golden opportunity is now at hand for the Kuomintang and the Communist Party to carry out a third round of cooperation to bring about

national reunification. The people on both sides of the strait stick to the stand that there is only one China, that the movement for the independence of Taiwan must be stopped, and that China must be reunified. All this constitutes a real common ground. All the Chinese people, including compatriots in Taiwan, Hong Kong and Macao and overseas Chinese, share a common concern for national reunification. Their fervent desire to put an early end to the state of national disunity is the real motivating force behind the drive for reunification of the motherland. It is high time for the Kuomintang authorities in Taiwan to take a step toward national revival and the happiness of our people. A thousand-li journey begins from the first step, and to take it is at least better than standing still. There are many things that the Kuomintang authorities in Taiwan can do so long as they respect the people's aspirations for reunification. For instance, it requires no more than a determined turn of mind to restore trade transactions and exchange of mail, air and shipping services. The longer the Kuomintang authorities delay, the more passive their position will be. Now the most important thing for the Kuomintang and the Communist Party to do is to begin negotiations on a basis of equality. We sincerely hope that the Kuomintang authorities in Taiwan will send representatives to meet us in places they think appropriate so that there can be an exchange of views on various questions of common concern. Only by doing substantial work can we live up to the expectations of people of the whole country. At the same time we sincerely hope to exchange views with all other parties, groups, mass organizations and public figures in Taiwan who stand for the reunification of the motherland.... Reunification is the trend of our times and the desires of our people, and no one can hold it back. The way out for Taiwan lies in national reunification. The future of the Kuomintang lies in cooperation with the Communist Party. Every political party or figure is responsible for human progress and the nation's welfare, and should go along with the trend and popular feelings and contribute to national reunification. He who hinders reunification will be condemned by history.

11. Opening to the Outside World —A Basic National Policy

In 1978 the Chinese Government began to pursue the policy of opening to the outside world, a strategic decision to speed up socialist modernization. However, before arriving at this decision, for various domestic and international reasons, China went through many twists and turns.

In the early years after the founding of the People's Republic, China adhered to the principle of relying mainly on her own efforts while making external assistance subsidiary. She rehabilitated and developed her national economy mainly on the strength of her own resources, and on this basis, she developed foreign trade and assimilated foreign funds and technology according to the principle of equality and mutual benefit, with both sides helping supply each other's needs. For instance, the Chinese Government concluded an agreement with the Soviet Government for a long-term loan of 74 billion old roubles with which to pay for technology and equipment imported from the Soviet Union. Handicapped by China's international relations then, there was only one enterprise jointly run by China and a foreign investor, the Sino-Polish Barge Company. It was a time when China suffered from economic blockade and embargo imposed by the major capitalist countries, chiefly the United States, and later in the sixties, endured hardships resulting from the Soviet Union's unilateral termination of economic contracts signed between the two countries. During that period it was impossible to adopt an open-door policy.

During the late sixties and throughout the seventies when international economic ties developed rapidly, China was in the grip of the disastrous "cultural revolution," which lasted for ten years. She missed the chance to participate. During the "cultural revolution" the principle of relying mainly on her own efforts was carried to the extreme, and external assistance was unjustifiably condemned. It was practically impossible for China to develop economic and technological cooperation with other countries.

Deng Xiaoping took charge of the day-to-day work of the Central Government in 1975 when China was in great economic difficulty and political chaos. He particularly stressed the need to "import new technology and new equipment and expand import and export trade." However, before long, a movement to "counter the Right deviationist trend" swept the country and Deng Xiaoping's proposition was made the target of sharp criticism. It was not until after the Third Plenary Session of the Eleventh Central Committee of the CPC held at the end of 1978 that China began to set things right in all areas and take up the question of opening to the outside world as a basic, long-term national policy.

From that time on, China has adopted a series of important measures implementing the open policy. Between July 1979 and February 1985, the Chinese Government authorized the coastal provinces of Guangdong and Fujian to adopt flexible policies in their economic relations with foreign firms and created four Special Economic Zones in the two provinces, decided to develop Hainan Island along the same line, and opened fourteen coastal port cities and three delta areas to overseas investment. Thus, the direct utilization of foreign capital increased on a growing scale. At the same time, China assimilated loans from a number of international banking organizations, foreign governments and private sources. Foreign investment was accommodated in other ways too, such as joint ventures, cooperative enterprises and wholly-foreign-owned enterprises, compensatory trade and joint prospecting and exploring of offshore oil deposits. Step by step the policy of opening to the outside world took shape, developing from isolated localities to whole areas, from lower to higher levels and from coastal to inland regions.

The shift from carrying out national reconstruction behind closed doors to opening up to the outside world signified a fundemental change in policy. It was an important part of the reform. The Chinese Government came to realize that the world of today is an open world. The complexities in international relations do not alter the fact that the economic ties between countries are growing closer and closer, and the development of

the Chinese economy cannot be separated from that of the world economy.

China applied the open-door policy to all countries alike, including the socialist countries, third-world countries and capitalist countries. Her economic cooperation and technical exchange with other countries followed the world's standardized procedures coupled with methodologies that suited the specific conditions in China.

During the Sixth Five-Year Plan period (1981-1985), the policy of opening to the outside world produced results in the following areas:

Expansion of import and export trade. During this period China's foreign trade underwent preliminary structural reform. Measures were taken to give more decision-making power to local authorities in foreign trade dealings, encourage and support exports and increase planned imports. As a result, China's import and export trade expanded by a wide margin and the capacity for earning foreign exchange increased.

According to statistics issued by the Ministry of Economic Relations with Foreign Countries, the total volume of imports and exports in 1985 was US $ 60.25 billion, an increase of 20.9 percent over 1984, overfulfilling the quota set by the Sixth Five-Year Plan.

Between 1981 and 1985 the total volume of import and export trade amounted to US $ 229.4 billion, twice the amount of US $ 114.7 billion for the Fifth Five-Year Plan (1976-1980), the average annual increase being 9.4 percent.

Despite a sluggish international market, an intensified trade protectionism, and a decline in world trade volume, China's export trade increased year after year. The volume of exports in 1985 reached US $ 25.91 billion, an increase of 5.7 percent over 1984 and of 41.2 percent over 1981. The volume of export trade for 1981 to 1985 added up to US $ 115.1 billion, an increase of 105.2 percent over the figure for the Fifth Five-Year Plan. Development of the export trade created large sums of foreign exchange and raised China's ability for international payment.

While the export trade was growing year by year, the import trade also developed quickly. The total volume of imports from 1981 to 1985 added up to US $ 114.25 billion, an increase of 95 percent over the period of the Fifth Five-Year Plan. However, the amount of imported grain, cotton and oil-bearing crops decreased markedly while that of materials for industrial and agricultural use showed considerable increase over the Fifth Five-Year Plan period. Cotton had become an export item. Development of the import trade played an important part in promoting the technological advance of enterprises, in supplementing and invigorating domestic markets and in improving living standards.

Utilization of foreign funds. Beginning from 1979, China changed its former policy of not accepting loans from foreign countries—a policy practised since the sixties. The new policy was to bid for foreign investment in various ways according to the need and feasibility.

In using foreign funds, China upheld the following guidelines:

—to rely mainly on her own efforts while making external assistance subsidiary;

—to stress the principle of equality and mutual benefit;

—to use the funds for developing national economy;

—to stress economic results;

—to guarantee repayment;

—to guarantee reasonable profit for the investors;

—to create a good investment environment for foreign businessmen and give them preferential treatment;

—to provide a domestic market for the products of enterprises involving foreign investment;

—to adopt a reasonable pricing policy.

Between 1979 and 1985 the total amount of foreign investment in various forms reached US $ 21.74 billion, of which 15.65 billion were loans mainly used to strengthen the weak links in China's economy such as energy, railways, ports and the production of raw and processed materials. Out of this total amount, US $ 4.71 billion were direct foreign investment in joint ventures,

cooperative enterprises with foreign capital and wholly foreign-owned enterprises. Commodity credit totalled US $ 1.38 billion and was used in compensation trade.

By the end of 1985 the government had approved establishment of over 2,300 joint ventures, over 3,700 cooperative enterprises with foreign capital and more than 120 enterprises run exclusively by foreign capital. There were 35 offshore oil exploration and exploitation projects.

The efficient use of foreign funds not only made up for the shortage of capital in China, but also brought in much-needed advanced technologies and managerial expertise.

Establishment of Special Economic Zones. This was a major experimentation that caught wide attention both at home and abroad. In July 1979 the Chinese Government set up Special Economic Zones (SEZ) in Shenzhen, Zbuhai, Shantou in the province of Guangdong and Xiamen in Fujian. The zones are completely under the jurisdiction of the Chinese Government but carry out special economic policies under special economic managerial systems. The special zones mainly develop on the strength of foreign capital while making full use of the regulatory functions of market economy under the guidance of socialist planned economy. SEZ investors are offered special preferences and conveniences in terms of taxation, charges for the use of land and the entry and exit of personnel. The state gives the special economic zones more decision-making power in economic affairs.

The four SEZs developed rapidly. In a few years, the zones had set up the essential infrastructure and facilities for investors, and began building an export-oriented economy by the end of 1985, 4,850 contracts and agreements of various kinds had been signed with foreign businessmen, with a total committed investment of US $ 5.13 billion, of which US $ 1.2 billion were actually invested.

In 1985 the total industrial output value in the four SEZs amounted to 6.14 billion yuan, an increase of 45.3 percent over that of 1984. Out of this, enterprises involving foreign investments accounted for 2.07 billion yuan, an increase of 120 percent

over 1984. More than four hundred products produced by these enterprises entered the markets in more than a dozen countries and regions in Asia, Africa, Europe and America. Shenzhen, formerly a small border town without any industry, has developed into a burgeoning modern city with close to six hundred enterprises dealing in electronics, textiles, building materials, light industry, food industry, oil and chemical industry and machine-making industry. Forty percent of these enterprises were export-oriented. Shenzhen's total industrial output value for 1985 was 2.36 billion yuan, up by 60 percent over that of 1984, of which 1.6 billion, or 67.8 percent, were accounted for by enterprises involving foreign capital, and 43 percent were for export.

The opening of fourteen coastal port cities to the outside world. After establishment of the four Special Economic Zones the Chinese Government opened the fourteen coastal port cities of Tianjin, Shanghai, Dalian, Qinhuangdao, Yantai, Qingdao, Lianyungang, Nantong, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang and Beihai for overseas investors. These cities were given greater decision-making powers in their international business dealings. Foreign investors in these cities were given preferential treatment to facilitate assimilation of foreign capital and technology. Eleven of the fourteen cities had opened special zones for economic and technological development. These zones were different from the SEZs as they were not relatively independent administrative units but were under the direct jurisdiction of the local city governments and concentrated on the development of new industrial enterprises and scientific research. Productive enterprises involving foreign capital paid less or no income tax.

The fourteen cities have made a good start in the use of foreign funds and technology. For instance, in Shanghai, between 1979 and 1985, the city signed about one hundred sixty agreements with overseas investors for joint ventures, cooperative ventures and wholly-foreign-owned enterprises. Direct investment committed by foreign firms reached US $ 1.21 billion, of which US $ 0.3 billion was actually invested. Seventy-two joint ventures were put into operation.

The special development zones in these cities also made progress. By the end of the first half of 1986 more than twenty economic and technological development projects had been put into operation in these special zones. Some of the projects were technologically advanced and capable of earning foreign currency.

Establishment of coastal open economic zones. In February 1985 the Chinese Government decided to turn the Yangtze River Delta, the Pearl River Delta and the Xiamen-Zhangzhou-Quanzhou triangular area in southern Fujian Province into coastal economic zones. The main functions of these zones were to assimilate foreign capital and technology to help advance scientific research and economic development; to explore and identify foreign economic managerial expertise that were applicable to China's economic structural reform; to fully exploit local economic advantages to increase exports and foreign exchange earnings; to produce high-quality goods for domestic markets. To attract foreign capital and technology the three coastal economic zones speeded up infrastructure and improvement of investment climate.

By 1985 in the Yangtze River Delta, 299 projects involving foreign investment totalling US $ 140 million were drawn up and signed. In the Pearl River Delta there were 829 such projects involving US $ 500 million direct foreign investment. There were 548 projects operating with imported technology; the total investment amounted to US $ 145 million. In the southern Fujian triangular area, there were 129 projects involving over US $ 33 million direct foreign investment. Seventeen projects operated with imported technology; the total investment exceeded US $ 10 million.

In 1985 the total value of export from the three coastal economic zones was US $ 6.90 billion. In the first half of 1986 a number of new projects were contracted between the zones and overseas investors. The three zones mainly developed processing industries according to export demands. Local agriculture and the production of other raw materials were, in turn, geared to the

demands of the processing industries.

In April 1988, the Chinese Government decided to expand coastal economic zones opening to foreign business people. The zones, with 288 cities and counties, cover an area of 320,000 square kilometres and are inhabited by a population of 160 million. A number of positive measures are being taken to develop a foreign market-oriented economy.

Contracting for projects and labour services abroad. Compared with other countries, China started late in contracting for projects and labour services in foreign lands. In 1979, when China opened up to the outside world, the number and value of the contracts she concluded with other countries for construction projects and labour service began to expand fast, and an increasing number of workers and technicians were sent abroad. By the end of August 1986 there were 66 corporations engaged in foreign economic and technological cooperation. They had signed 3,467 contracts with 87 countries and regions, totalling US $ 6.08 billion in value. The number of workers sent abroad totalled 170,000 in term of exits. At first they were mainly sent to the Middle East, North Africa and some parts of Asia. Later they were also dispatched to the United States, Soviet Union, Canada, Central and South America, and central and southern Africa. Projects covered such areas as building, communications, electrical engineering, machine building, metallurgy, chemical industry, geological drilling, port construction, urban construction, light industry, textile industry, and building-material industry. China's contracting business was no longer confined to supplying labour or sharing a project with other contractors. It was beginning to undertake large and medium-sized foreign projects on its own.

The opening-to-the-outside-world policy proved to be sound and effective. By the end of 1987, the total amount of exports and imports reached US $ 82.7 billion, an increase of 12 percent over 1986. The volume of exports was US $ 39.5 billion, up by 27.8 percent over 1986, and that of imports was US $ 43.2 billion, up by 0.7 percent over 1986. Adverse balance of foreign trade was

reduced to US $ 3.7 billion against the 1986 figure of US $ 12 billion.

By March 1988, enterprises involving foreign investment came up to 10,000 and more. Among these, an increasing number were manufacturing industries that were export-oriented and technologically advanced. The coastal areas open to foreign investment were extended to include the Liaoning and Shandong peninsulas.

The industries in the open coastal areas were encouraged to develop processing with imported materials and re-export the finished products.

At the Seventh National People's Congress held in March-April, 1988, Premier Li Peng stated in his Report on the Work of the Government that in the ensuing five years, China would continue to consolidate and develop what the open policy had already achieved, fully tap the potential of the four Special Economic Zones and the open coastal cities and areas, and open up still more the provinces of Guangdong, Fujian and Hainan. The export-oriented economy in the coastal regions would in turn give impetus to the economic growth of the inland provinces, the report pointed out.

The contracted responsibility system was introduced into foreign trade management as a structural reform that gave greater incentive to the local export-oriented enterprises and foreign trade agencies.

Further steps were taken to accelerate infrastructural construction in the regions newly opened to foreign investment, raise general work efficiency and give foreign investors full authority over management so that they could run the enterprises according to international norms.

A good investment environment was legally guaranteed by a series of laws supplemented by specific rules of implementation. The major laws included Law on Chinese-Foreign Joint Ventures, Law on Chinese-Foreign Co-operative Enterprises, Law on Wholly Foreign-Owned Enterprises, Income Tax Law Concerning Chinese-Foreign Joint Ventures, Income Tax Law Concerning

Foreign Enterprises, Individual Income Tax Law, Patent Law, Trademark Law and Foreign Economic Contract Law.

12. China Perfects Her Foreign Policy of Independence and Peace—New Development in Foreign Relations

Since its inception, the People's Republic of China has pursued a foreign policy of independence and peace. The Third Plenary Session of the Eleventh CPC Central Committee held in December 1978 adjusted the foreign policy to the developing international situation, to China's changing status in the world, and to the shift in domestic policy that gave top priority to socialist modernization. The adjustment gave a clearer and wider definition of China's standing foreign policy.

The Constitution of the People's Republic of China adopted in December 1982 at the Fifth Session of the National People's Congress states in the preamble: "China consistently carries out an independent foreign policy and adheres to the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence in developing diplomatic relations and economic and cultural exchanges with other countries. China consistently opposes imperialism, hegemonism and colonialism, works to strengthen unity with the people of other countries, supports the oppressed nations and developing countries in their just struggle to win and preserve national independence and develop their national economies, and strives to safeguard world peace and promote the cause of human progress."

In his Report on the Seventh Five-Year Plan delivered at the Fourth Session of the Sixth National People's Congress held in March 1986, Premier Zhao Ziyang outlined China's independent foreign policy of peace as follows:

"1) Proceeding as it does from the fundamental long-term

interests of its own people and the people of the whole world, China takes as the basic objective of its foreign policy to oppose hegemonism, maintain world peace, develop friendly cooperation with other countries and promote common economic prosperity.

2) China holds that all countries, big or small, rich or poor, strong or weak, should be treated as equals. It is firmly opposed to the big bullying the small, the rich oppressing the poor and the strong lording it over the weak. The affairs of a country should be managed by its own people, and the affairs of the world should be managed by all countries in consultation, and not by one or two superpowers having the final say. China will never seek hegemony and it resolutely opposes hegemonism, no matter who practises it and no matter what form it takes.

3) At all times and under all circumstances China will act independently, determining its own attitudes and policies on all world issues on the merits of each case. The criterion by which China judges whether an act is right or wrong is whether it helps to maintain world peace, develop friendly cooperation among nations and promote world economic prosperity.

4) China will never attach itself to any superpower, or enter into alliance or strategic relations with either of them. China continues to seek the steady development of Sino-US relations on the basis of strict adherence to the principles established in the Sino-US joint communiques and a true improvement in Sino-Soviet relations in the course of removing the three obstacles by concrete actions.

5) China stands by the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. On the basis of these five principles, China strives to establish, resume or expand normal relations with all countries in the world and to live in harmony and engage in friendly cooperation with them. China does not determine its closeness with or estrangement from other countries on the basis of their social systems and ideologies. China firmly opposes any country's using identity or difference of social system and ideology as an excuse to occupy the territory of others and to

interfere in their internal affairs. China firmly opposes terrorist activities of all descriptions and believes that this problem can only be solved once for all by eliminating the social and political root causes of terrorism.

6) China belongs to the third world. A basic principle of its foreign policy is to strengthen its solidarity and cooperation with the third world. China steadfastly opposes imperialism, colonialism and racism and supports the third world countries in their just struggle to achieve and safeguard national independence. It supports them in their efforts to develop their national economies, improve North-South relations and further South-South cooperation. China earnestly hopes that the third world countries will strengthen their unity and settle their disputes peacefully through friendly consultations, so as to prevent the interference of outside forces.

7) China opposes the arms race and its extension to outer space. At the time of its first nuclear test, China proposed the complete prohibition and thorough destruction of nuclear weapons and declared that at no time and under no circumstances would China be the first to use such weapons. Today, it is of capital importance that the two superpowers should take the lead by drastically cutting back their nuclear arsenals, thus creating favourable conditions for nuclear disarmament by all nuclear countries. China is also in favour of the complete prohibition and thorough destruction of chemical weapons, and the substantial reduction of conventional arms along with nuclear disarmament.

8) China persists in a long-term policy of opening to the outside world and will continue to expand its economic, trade and technological contacts and cooperation with other countries on the basis of equality and mutual benefit. China pursues a policy of opening to all countries, capitalist or socialist, developed or developing.

9) In keeping with the purposes and principles set forth in the United Nations Charter, China supports the work undertaken by the United Nations in the spirit of the Charter and participates in the activities for world peace and development sponsored by the organization and its specialized agencies. China has joined a

wide range of international organizations, actively engages in multilateral diplomacy and strives to promote international cooperation in all fields.

10) China attaches great importance to contacts among people of different countries. To further mutual understanding and friendship among the people of the world, the Chinese Government encourages mass organizations, nongovernmental associations and people from all walks of life to have contacts with those of other countries and supports cooperation between them in the economic, cultural, educational, scientific and technological fields and in matters relating to the press, public health and sports.

These are the basic principles of our foreign policy. Our domestic and foreign policies are an organic whole. Development and peace, reform and opening to the outside world, defending the dignity of the Chinese nation and adhering to the principle of equality of large and small nations in international affairs—these policies are unified and inseparable."

Since the restoration of her legitimate rights in the United Nations in October 1971 and especially since the Third Plenary Session of the Eleventh CPC Central Committee held in December 1978, the People's Republic of China has made great strides in foreign affairs.

In the 1970s the international situation took on a new look. The balance of military strength between the two superpowers turned in favour of the Soviet Union. Relying on her fast expanding military strength, she began reaching out worldwide. In the global contention for supremacy, the Soviet Union acted on the offensive while the United States was on the defensive. In the Asian theatre, the Soviet Union continued to strengthen her military deployment along the Sino-Soviet and Sino-Mongolian borders, aided and abetted Viet Nam in the invasion of Kampuchea, and herself occupied China's neighbour Afghanistan. Soviet Union posed a three-sided threat to China's security.

The United States, being confronted by Soviet global offensive and realizing China's growing significance on the world stage, despite the US policy of hostility, decided to change her

policy towards China. In January 1970 Sino-US talks at the ambassadorial level were resumed in Warsaw, Poland. The US side expressed willingness to improve relations with China on the basis of the Five Principles of Peaceful Coexistence, and in keeping with the growing peace and stability in Asia, indicated that the US would reduce her military installations in Taiwan. In July 1971 US President Nixon sent Henry Kissinger, his foreign affairs advisor, on a secret mission to China. The two sides focussed their talks on the Taiwan issue. In February 1972 President Nixon arrived in China and met with Chairman Mao Zedong and Premier Zhou Enlai. Nixon said that in the past he had held views similar to those of John Foster Dulles, but now he thought relations between the US and the People's Republic of China should be improved, that it was a matter of either going with the tide or getting drowned in it, and that good relations between the People's Republic of China and the United States would profit all countries. Nixon told Chairman Mao that he had come to China in the interests of the United States. In the Sino-US Joint Communiqué, issued in Shanghai, February 28, 1972, the US side stated that the US acknowleged that all Chinese on either side of the Taiwan Straits maintained there was but one China, that Taiwan was a part of China, and that the US Government would not challenge that position. After Nixon's visit China had repeated negotiations with the US on the issue of normalization of Sino-US relations. At the end of 1978 the Carter administration of the United States finally recognized explicitly that the Government of the People's Republic of China is the sole legal government of China and "there is but one China and Taiwan is a part of China." Only after this did China establish diplomatic relations with the United States, thus entering a new period for normal development of relations between the two countries. In January 1979 Vice-Premier Deng Xiaoping paid an official visit to the US and was warmly welcomed by the American people and government. Deng and President Carter signed the Agreement on Sino-US Cooperation in Science and Technology, and another agreement on cultural exchange.

Dr. Kissinger's knock at China's door marked the end of US

attempts at isolating China and excluding her from the international community. In October 1971 the 26th United Nations General Assembly adopted a resolution that rehabilitated all rights and interests of the People's Republic of China in the UN and recognized representatives of its government as China's sole legal representatives in UN organizations. Following this, China began establishing diplomatic relations with other countries, including both developing countries in Asia, Africa and Latin America and developed Western countries, including Japan. By the end of 1972 the PRC had established diplomatic relations with all the key Western developed countries except the United States. During the 1970s seventy countries established diplomatic relations with the PRC.

China and Japan are close neighbours and the two peoples have maintained a traditional friendship for over two thousand years. Upon the founding of New China, in spite of the past unhappy experiences, the Chinese people turned hostilities of the past into friendliness in the present to open up a new period of friendship and harmony between the two nations. The effort drew ardent response from foresighted Japanese politicians, industrialists, social activists and the people at large. China and Japan's flourishing people-to-people exchange led in time to formal establishment of diplomatic relations in September 1972. Japan accepted self-examination for the aggressive war launched against China by its militarists in the nineteen thirties and forties, China decided not to demand war reparations from Japan for the sake of maintaining friendship between the two peoples. The Sino-Japanese Treaty of Peace and Friendship signed on August 12, 1978 laid a foundation for the overall development of Sino-Japanese friendship and cooperation.

The extension of China's foreign relations in the 1970s offered a broader scope for China's international activities. In light of the world situation China pointed out that the pursuit of world hegemony posed a grave threat to international peace and security. Together with people of the world, China opposed hegemonism in all forms. She stood firmly on the side of third world countries and their people, the victims of hegemonism, and

consistently supported their struggle to achieve and safeguard independence and maintain national rights and interests.

As the national independence movement that had flourished after the Second World War spread from the political to the economic sphere, China began in the 1970s to take an active part in third world countries' struggles to break the old international economic order and establish a new one. In 1974 Deng Xiaoping led a Chinese delegation to the Sixth UN Special Conference on the Study of Resources and Development. At the conference China cooperated closely with the Group of 77, and took an active part in the adoption of the "Proclamation on Establishing a New International Economic Order" and the "Programme of Action." This was a significant step toward stopping the rich oppressing the poor and establishing the principle of fairness, reasonableness, equality and mutual advantage in North-South relations.

The eighties witnessed an even more turbulent world situation. Upon Ronald Reagan's inauguration as President the USA stepped up arms expansion and assumed the offensive in certain areas. Confrontation between the two superpowers intensified, leading to a stalemate with each side taking the defensive or the offensive in different areas. The world economic situation was extremely unsteady, and the economy of many third world countries continued to deteriorate. The situation created an urgent need for an overall programme of peace and development.

In the domestic field, China was striving to lift herself out of economic and cultural backwardness and realize as soon as possible the modernization of industry, agriculture, national defence, science and technology. Thus China needed a long-term and stable peaceful international environment.

In tune with the new situation, the Chinese Government made necessary and timely adjustments to its foreign policy so that it would better suit reality and more effectively serve the fundamental interests of the people of China and the rest of the world.

The policy adjustment brought into focus the image of an independent China in international activities. China decides its foreign policy on international problems or issues on the merits

of the case. In order to safeguard national independence and sovereignty, she decides not to attach herself to any big power or bloc of countries, nor to submit to big-power pressure or enter into alliance with any big power. Meanwhile, China persists in treating all countries, big and small, as equals, respecting their national independence and sovereignty.

China continues to take a firm stand in opposing hegemonism and maintaining world peace. She is against violation of other countries' independence and sovereignty no matter where it takes place, who does it or who the victim is.

China's foreign policy is based on the tenet that the main threat to world peace comes from hegemonism, and the arms race and regional rivalry between the two superpowers are the main source of world turbulence. To maintain world peace, hegemonism must be spurned. Since the confrontation and rivalry between the two superpowers continue, the danger of world war still exists. However, a force for curbing war is developing at the same time. The third world countries, including China, and the widespread non-alliance movement constitute a significant force for the maintenance of peace. The European countries, Japan, Canada and the developed countries in Oceania also demand peace and oppose war. People the world over earnestly desire peace. So long as they and the various forces for peace work unswervingly and jointly, world peace can be preserved.

China persistently opposes the arms race and its extension to the outer space. China stands for the complete prohibition and destruction of nuclear, chemical and biological weapons, for the substantial reduction of conventional armament, and for the peaceful use of outer space. China has put forward a series of constructive proposals on the issue of disarmament. In March 1986 Premier Zhao Ziyang, in his speech at the Chinese People's Conference for Preserving World Peace, delineated comprehensively and systematically the Chinese Government's fundamental position on questions of disarmament (including both nuclear and conventional weapons), medium-range missiles, space and chemical weapons, as well as on the relation between disarmament and security. The premier stressed that the two superpow-

ers, who possess unparalleled nuclear and conventional arsenals, have an undeniable responsibility for arms reduction and should take the lead in drastically cutting back their arms. China has taken concrete steps toward disarmament in many respects, having cut her military force by one million, reduced military expenditure year after year, converted a considerable portion of war industry for civilian use, changed a number of military airports and harbours into civilian ones, and formally stopped conducting nuclear experiments in the atmosphere. The forty-first UN General Assembly adopted on December 3, 1986 the two Chinese proposals on nuclear disarmament and the reduction of conventional arms.

In the economic field, while striving in conjunction with third world countries for the establishment of a new international economic order, China has laid special stress on strengthening cooperation among the developing countries. In October 1981 at the International Conference on Cooperation and Development held in Mexico, Premier Zhao Ziyang put forward on behalf of the Chinese Government five principles for establishing a new international economic order. He supported "cooperation instead of confrontation" in North-South relations and pointed out that such cooperation must be based on reforming unfair and inequitable international economic relations.

China consistently emphasizes the importance of South-South cooperation because it will not only strengthen the economy of third world countries and their capability for self-reliance, but also strengthen their position in North-South dialogues aimed at breaking the old international economic order and establishing a new one. China believes that developed countries will come to realize that improvement in the economy of developing countries will eventually benefit their own economic situation, the world's economy, North-South relations, world peace and friendship between nations.

China continues to work hard toward establishing and developing relations with other countries on the basis of the Five Principles of Peaceful Coexistence. China strengthens her unity and cooperation with third world countries. She pays special

attention to developing friendly relations with neighbouring third world countries, because such relations concern not only the security of China but peace and stability throughout the Asian-Pacific region.

Friendship and mutual support between China and North Korea, cemented in blood, develops continually. China supports the effort of the government of the People's Democratic Republic of Korea aimed at winning independent and peaceful reunification of Korea, backs up the PDRK's proposal for dialogue between South and North Korea and for tripartite talks among North and South Korea and the United States, and supports her just demand for the withdrawal of US troops from South Korea.

Relations between China and Mongolia have improved. In 1985 the two countries resumed border trade, and in 1986 the Sino-Mongolia Agreement on Long-Term Trade Between 1986 and 1990 and the Sino-Mongolia Consular Agreement were signed.

Relations with Pakistan, Bangladesh, Nepal, Burma and other friendly neighbours have become closer than ever. Cooperation with ASEAN countries for the common goal of preserving peace and security in Southeast Asia has been fruitful.

Relations between China and India, after some twists and turns, have shown improvement. In 1981 Chinese Vice-Premier and Foreign Minister Huang Hua visited India and the two sides agreed to hold official talks to seek a way to solve the boundary problem and improve relations. Up to July 1986 Chinese and Indian officials had held seven rounds of negotiations and both sides had expressed the wish to resume friendly relations.

China hopes that Viet Nam will change her policy of aggression against Kampuchea and hostility toward China. The lamentable deterioration of Sino-Vietnamese relations is a loss to both countries who used to be on congenial terms. China supported Viet Nam in her struggle for national independence and later in her reconstruction between 1949 and 1978. In spite of her difficulties at home, China aided Viet Nam with over twenty billion U.S. dollars worth of resources and financial support. But after winning the war with US, Viet Nam occupied Kampuchea, and

took over control of Laos in an attempt to set up a "Grand Indochina Federation" and dominate Indochina. The Vietnamese authorities looked upon China, who upholds justice and opposes hegemonism everywhere, as a serious obstacle to their expansionist plans and pursued an out-and-out anti-China policy. They wantonly persecuted and expelled Chinese nationals in Viet Nam and repeatedly provoked armed border conflicts. Thus relations between China and Viet Nam deteriorated and the traditional friendship between the two peoples was damaged. The resumption of friendly relations hinges on the withdrawal of Vietnamese troops from Kampuchea and the abandonment of her anti-China policy.

Kampuchea is China's friendly neighbour. The Chinese people sympathize with the Kampuchean people over their plight under foreign domination and support the various patriotic armed forces in Kampuchea in their struggle against Viet Nam for national survival. China consistently takes the stand that the Kampuchean question should be solved on the basis of UN resolutions and proclamations of international conferences on this issue. China firmly supports the eight-point proposal put forward in March 1986 by the Coalition Government of Democratic Kampuchea and all the suggestions and proposals of the ASEAN and other countries that are conducive to a fair and reasonable solution of the Kampuchean question.

China stands firmly with the Arab and Palestinian people in their struggle against the Israeli aggressors. She hopes that all parties involved in the Middle East will seek a solution of the Middle East problem through political negotiation and bring about peace in that area. The Palestinians' national rights should be restored and Israel should abandon her policy of aggression and expansion, and withdraw from all the Arab territories she has occupied since 1967.

Contacts between China and African countries have become increasingly close and exchange of visits between top leaders grow steadily. At the end of 1982 and early 1983 when Premier Zhao Ziyang visited eleven countries in Africa, he put forward four principles that would guide China's economic and technological

cooperation with African countries—equality and mutual benefit, stress on practical results, diversity in form, and common progress—thus laying a new foundation for better and broader economic relations with them. China resolutely supports effective sanctions against the South African authorities and stands with the South African people in their hard struggle to defeat racism and win national equality. China supports the Namibian people's just struggle for national independence and the efforts of the independent nations in southern Africa to safeguard their national security and bring about regional peace and stability.

Countries in Latin America are an important component of the third world and China devotes much attention to developing friendly and cooperative relations with them. Mutual visits between the leaders of China and Latin American countries have increased, and understanding and friendship developed. During his state visit to Colombia, Brazil, Argentina, and Venezuela in October and November 1985 Premier Zhao Ziyang proposed the principles of peace and friendship, mutual support, equality and mutual benefit, and common progress to guide the further development of friendly relations between China and Latin American countries. At all times China supports the Latin American nations' struggle to maintain national independence and sovereignty, develop the national economy and safeguard regional and world peace. China stands for the fair and just principles put forward by the Contadora Group to solve Central American problems and hopes its efforts will succeed.

The Chinese people have all along had friendly feelings towards the people of Eastern European countries. While promoting friendship with socialist Romania and Yugoslavia, China has improved relations with other socialist countries in Eastern Europe. After a period of estrangement relations between China and Poland, Hungary, the Democratic Republic of Germany, Czechoslovakia and Bulgaria resumed and improved rapidly. Contacts between senior officials kept increasing, developing from exchange of visits between deputy foreign ministers to talks between foreign ministers at the United Nations, and finally to mutual visits at vice-premier level. The working visits of

Wojciech Jaruzelski, First Secretary of the Polish United Workers' Party and Chairman of the Council of State, and Erich Honecker, General Secretary of the German Socialist Unity Democratic Party and Chairman of the GDR Council of State in September and October 1986 respectively marked the beginning of a new period in bilateral relations with the two countries.

Contacts with Japan, Western Europe and other developed countries have also increased rapidly. After an exchange of vivists between Chinese and Japanese government heads the two countries agreed on four guiding principles for Sino-Japanese relations: peace and friendship, equality and mutual benefit, mutual trust, and long-term stability. The leaders of both governments are committed to making friendship between the two peoples flourish from generation to generation.

China continues to develop friendly and cooperative relations with Western European countries, and has established formal relations with the European Economic Commission. Both sides increasingly promote political consultation, economic cooperation and direct contacts between state leaders. Premier Zhao Ziyang's visit to Western Europe during May and June 1984 started a new era of friendly and cooperative relations between China and Western Europe. The Sino-British Joint Statement on Hong Kong Question, signed in December 1984, settled the question satisfactorily by the "one country, two systems" approach, a formula that shows promise in peacefully settling other international disputes left over from the past. In October 1986, the head of the United Kingdom visited China for the first time when Queen Elizabeth II came to China accompanied by Prince Philip.

China's relations with Canada, Australia and New Zealand have made significant progress in all fields.

In her relations with the Soviet Union and the United States China will neither refrain from improving relations with them because of their hegemonic behaviour, nor give up her antihegemony stand because she wants to improve relations with them. After Reagan's inauguration in 1981 some complications emerged in Sino-US relations, but through common effort the two countries jointly issued the August 17 Communiqué in 1982, in which

the United States undertook to gradually reduce and finally stop arms sales to Taiwan. Sino-US relations improved to some extent and developed steadily especially since the exchange of visits between Premier Zhao Ziyang and President Reagan in January and April 1984. Steady, unbroken progress in Sino-US relations is possible so long as the United States, on the Taiwan question, strictly abides by the principle of respect for China's sovereignty and territorial integrity and noninterference in China's internal affairs, keeps her word and truly puts into effect all the stipulations contained in the Shanghai Communiqué, Sino-US Communiqué on Establishment of Deplomatic Relations and August 17 Communiqué.

There has been improvement in Sino-Soviet relations and a relaxation of tension on both sides. Sino-Soviet contacts and exchanges in economic, trade, scientific, technological, and cultural fields have resumed and developed. The Soviet First Vice-Chairman of the Council of Ministers Ivan Arkhipov and later Nikolai Talyzin visited China in 1984 and 1986 respectively. In 1985 Chinese Vice-Premier Yao Yilin visited the Soviet Union. In the same year a delegation from China's National People's Congress and one from the Supreme Soviet of the USSR exchanged visits. Exchanges between the people's organizations, such as friendship associations, trade unions, women's federations, writers' associations and youth federations, have increased. Mutual visits of sports and arts groups and students have resumed. In spite of all this, there is no fundamental improvement in the political relations between the two countries. The three obstacles still exist: the massive deployment of Soviet troops along the Sino-Soviet border and in Mongolia, the Soviet occupation of Afghanistan and the Soviet support of Vietnamese aggression against Kampuchea.

Further development of friendship and cooperation on the basis of equality and mutual benefit depends on the Soviet Union taking practical measures to gradually remove the three obstacles.

Recently, a certain degree of relaxation of international attention has appeared. China offered appropriate appraisal of the U.S.-Soviet accord concerning the gradual destruction of

medium and medium-short range missiles signed in December 1987. As she is engaged in national economic development, China is eager to see a better international environment and welcomes all signs of improvement of international atmosphere.

In her relations with other countries, China takes a principled stand, keeps faith, matches words with deeds and is open and aboveboard. She is enjoying increasingly higher prestige in world affairs and winning more friends as never before since the founding of the People's Republic of China. As of March 1988, China had established diplomatic relations with 135 countries. In addition, China had signed, approved, ratified, joined, and recognized 140-odd international conventions, took part in 380-odd international organizations, and developed economic, trade, scientific and technological exchange and cooperation with 190-odd countries and regions.

China's achievements in her foreign relations are inseparable from her political unity and stability, the success of her economic structural reform and the steady overall growth of the economy. They are also attributable to the adjustment and perfection of her foreign policy in response to the changing world situation.

Afterword

The Chinese nation has a long history, but the People's Republic of China is still young. In the past forty years, New China has experienced various difficulties and suffered many setbacks while achieving remarkable successes in political, economic, cultural and other fields and gaining a wealth of experience. People have every reason to expect that China will continue its policies of reform and opening to the outside world and achieve further progress.

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1. *Selected Works of Deng Xiaoping (1975-1982)*, FLP, Beijing, 1984. p. 128.

2. *Ibid.*, p. 141.

3. Peng Dehuai (1901-1974) was Minister of National Defence and member of the Political Bureau of the CPC Central Committee before being purged in 1959. Tao Zhu (1906-1969) was member of the Standing Committee of the Political Bureau of the CPC Central Committee and Vice-Premier of the State Council before being purged in 1967. Bo Yibo (1908-) was Vice-Premier and member of the State Financial and Economic Commission before being purged in 1968. Yang Shangkun (1904-) was member of the CPC Central Committee and Alternate Secretary of the Secretariat of the CPC Central Committee before being purged in 1966.

4. The four cardinal principles are adherence to the socialist road, to the people's democratic dictatorship (i.e., the dictatorship of the proletariat), to the leadership of the Communist Party and to Marxism-Leninism and Mao Zedong Thought.

5. The sum total of the output value of industry, agriculture, building industry, transportation industry, posts and communications and commerce (including the supply and sale of goods and the catering services).

6. Organ of the CPC Central Committee.

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